we deliver what we

PROMISE

Annual Report 2007

Linair Technologies Limited

corporate MOTTO

"WE DELIVER WHAT WE PROMISE"

Linair Technologies Limited's credo "We Deliver What We Promise" serves to illustrate the commitment of our management and staff to provide and deliver the highest standards in our environmental products, solutions and service levels.

- To our customers, we will deliver high quality products, best-in-class solutions, and on-time responses and services.
- To our investors and stakeholders, we will take responsibility to provide truthful and transparent information and commit full effort to bring enhanced value to the company.
- To our business partners, we will provide full support and timely information to develop win-win propositions and achieve sustainable growth
- To our employees, we will provide a conducive work environment which encourages teamwork and enterprise, promotes creativity, offering opportunities for career growth with the company.
- To the community, we shall maintain a high standard of corporate social responsibility in the discharge of our responsibilities, ensuring best workplace health and safety practices

contents

corporate PROFILE

Founded in 1998, Linair Technologies Limited is a multi-discipline company providing environmental-control exhaust systems and critical airflow control systems to semiconductor, wastewater treatment, pharmaceutical and biotechnological industries. The company was successfully listed in the SGX Sesdaq on February 2005.

Linair Technologies is a proven partner in providing one-stop environmental-solutions and integrated services from manufacturing, distribution to on-site engineering services and environmental consultancy.

Linair Technologies Limited has 3 pillars of businesses; Linair Duct to provide comprehensive ductwork system, Linair Engineering to provide turnkey facility construction management and specialist engineering and Linair Bio-Science to provide comprehensive solutions for design and construction of laboratory up to Bio-Safety-Level 3, laboratory equipping, decontamination and maintenance.

Manufacturing
FM-Approved ETFE-coated Ductwork
Stainless Steel Ductwork
Galavanised Steel Ductwork
Air-Tight Dampers
Fumehood
Individual Ventilated Caging System

Distribution
Phoenix Controls Critical Airflow System
ClorDiSys Decontamination System
METU (Ducting Joints) System

Engineering and Environmental Solutions
Facility Management
Fume Exhaust Solution
Waste-Water Management Solution
HVAC systems

Linair Group of Companies

Linair Engineering Pte Ltd

Linair Engineering seeks to provide project management and consultancy services for the construction of Semiconductor clean rooms and laboratories up to Bio-Safety Level 3 (BSL 3) and the installation of fume exhaust systems in the semiconductor, pharmaceutical and chemical industries.

Linair Bio-Science Pte Ltd

A total Laboratory solution provider offering critical airflow control systems to the biotechnology, bio-medical, pharmaceutical, petrochemicals and educational industries. This includes critical airflow design up to Bio-Safety Level 3 (BSL 3), laboratory equipping (fumehood, IVC), airflow balancing and commissioning, indoor air quality and certification as our value added services.

Linair Bio-Energy Pte Ltd

Linair Bio-Energy (LBE) aims to provide a 'one-stop' solution from supply and construction of bio-fuel production equipment to production of bio-fuel feedstock and bio-diesel in China. LBE also aims to retail bio-fuel products to the global markets.

Linair Technologies (M) Sdn Bhd

Its principal activity is to manufacture stainless (coated and non-coated) ductwork and related accessories.

Linair Technologies (Suzhou) Co., Ltd

Its principal activities include the manufacture of stainless (coated and non-coated) and Galvanised Steel (GI) ductwork, complete components for environmental friendly waste water and DI water management system.

Shanghai Xianda Industry Equipment Installation Co., Ltd

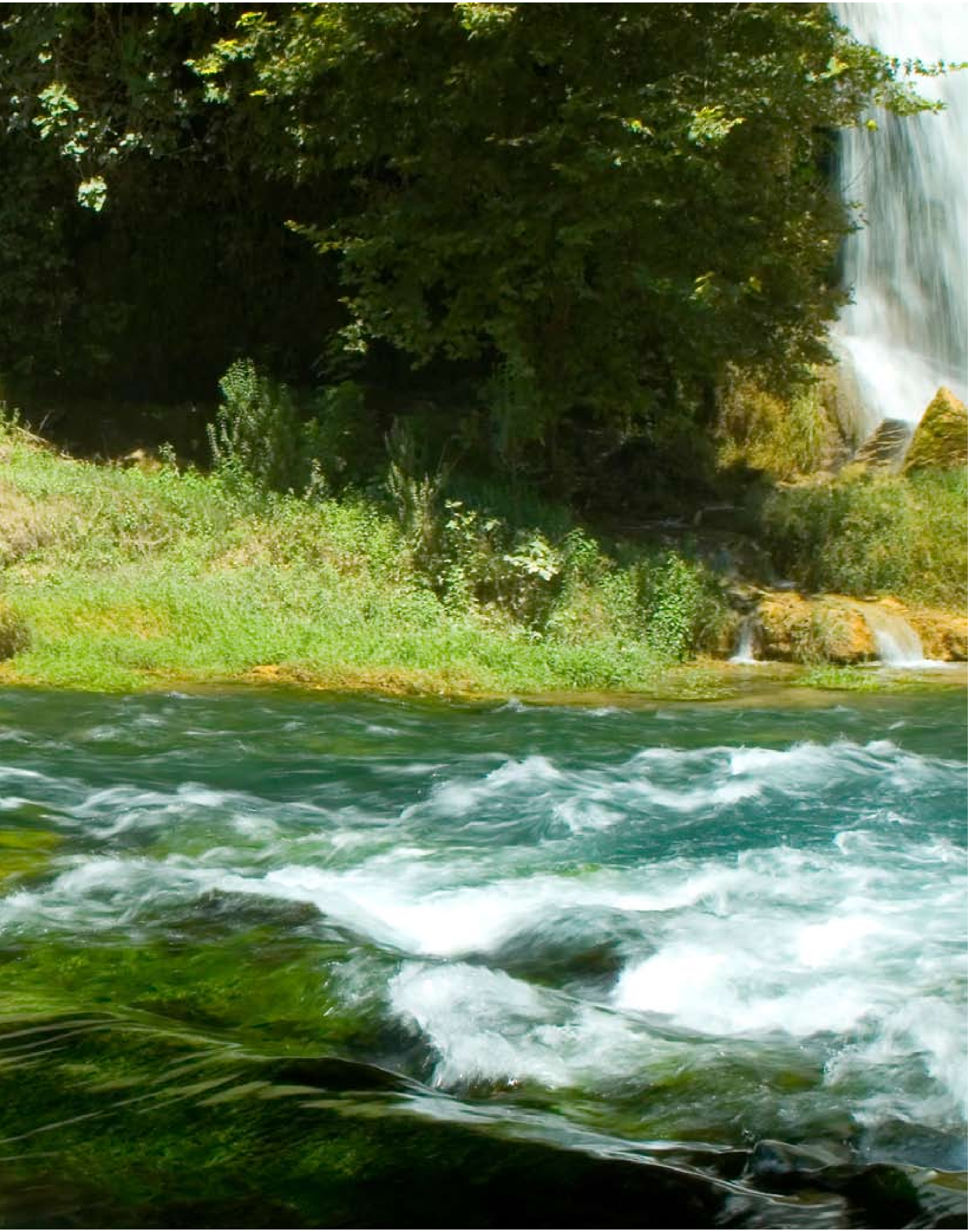
This subsidiary focuses on process engineering and providing connections for chemical and waste water management systems to Semiconductor, Power Stations and Chemical plants. Shanghai Xianda is also the OEM manufacturer for NIKKISO chemical dosing and sampling equipment.

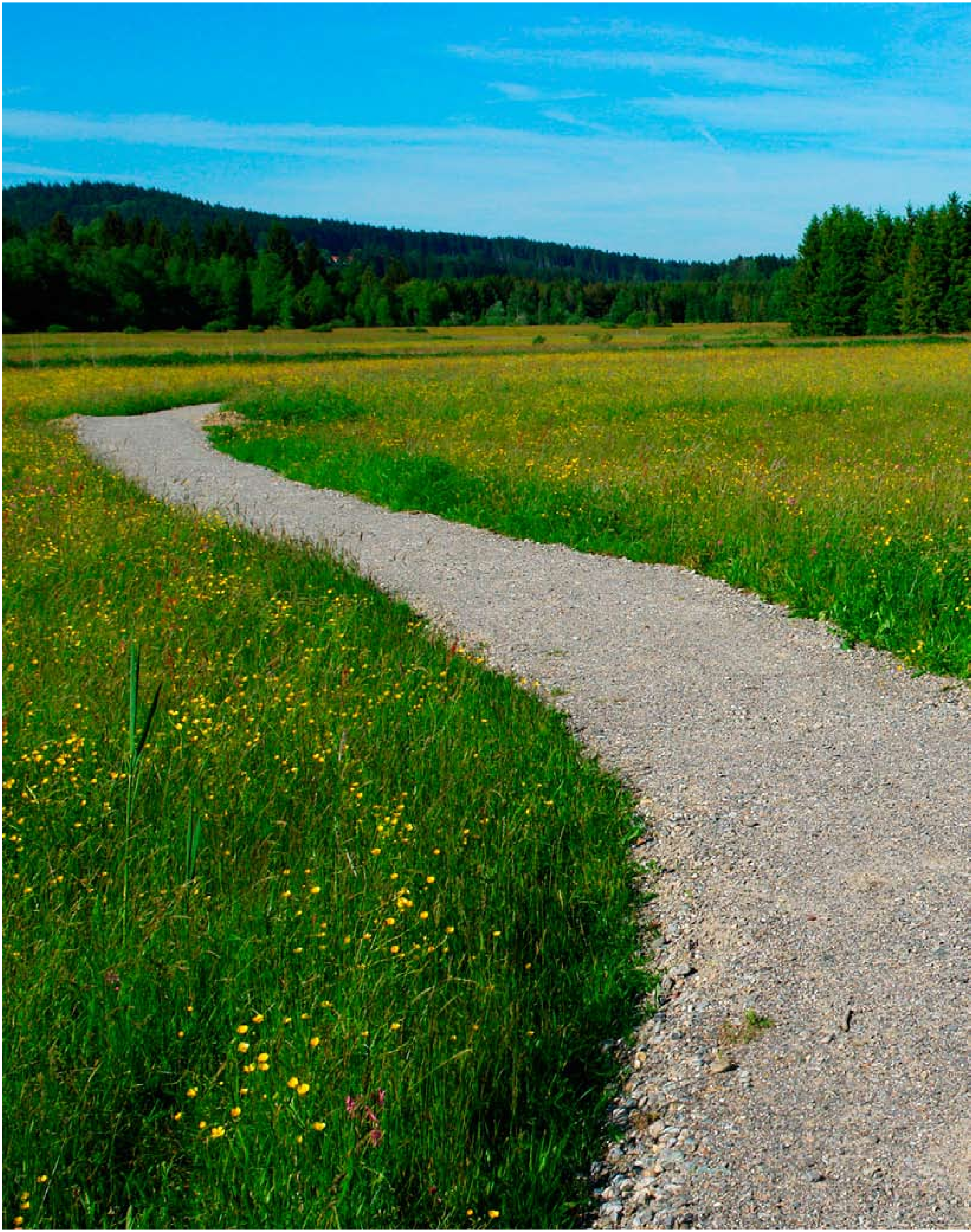
Linair Technologies (Taiwan) Co., Ltd

Its principal business is in the distribution of critical airflow control system, laboratory furniture and laboratory equipment in Taiwan as well as the manufacture of laboratory equipment.

integrated CAPABILITIES

From manufacturing to the final installation, our goal is to build it right – and right from the start. As a one-stop solution provider, we pride ourselves in providing quality turnkey environment-control systems to our customers at a competitive rate through vertical integration of our capabilities.





established TRACK RECORD

Everyday, we explore new ways to do things better. We strive to respond more rapidly to customers' needs and build more constructive, collaborative relationships. This relentless drive to excel has served to strengthen our repute as an organization of quality that not just delivers, but exceed customer expectations.

focus on establishing VALUES

We're focused on the key drivers of our business performance. To this extent, we're sharply focused on growing and expanding our business in the region. Combined with our trusted brand, innovative product and service offerings, our strong customer focus and commitment to excellence will drive our ability to deliver value.

chairman's STATEMENT

"Net profit attributable to shareholders jumped to S$4.009 million compared to S$1.138 in FY2006. Earnings per share tripled from 1.16 cents in FY06 to 3.61 in FY07."

Dear Shareholders,
Financial Period (FP) 2007, covering the period Oct 06 to Dec 07, was a good year for LINAIR. Net profit attributable to shareholders jumped to S$4.009 million compared to S$1.138 in FY2006. Earnings per share tripled from 1.16 cents in FY06 to 3.61 in FP07.

These commendable set of results was made possible largely through our ability to maintain our lead market share in the supply and installation of ETFE coated and bare stainless steel ducts for the electronic foundries in Singapore and Malaysia; and the successful penetration of the PRC market for the same manufacturing products and engineering services. The manufacturing revenue contribution from the PRC market was S$15 million, a sharp 300% increased from FY06.

FP07 was also an important learning period for the Group in several critical areas necessary for advancements.

First, managing larger projects and their related financing needs were learned by top management. Revenue increased by 209% from S$22.428 million in FY06 to S$69.332 million in FP07.

Second, Linair Duct successfully executed a very large supply and install project for PROMOS' electronic foundry in Chongqing, China by forward deploying a manufacturing and engineering arm from Linair Suzhou, supported by our subsidiary in Senai and associate company in Beijing. This positive experience will put us in good stead for any future similar large undertakings in China and beyond.

Third, Linair Engineering undertook a large industrial project management consultancy contract worth S$30 million in PRC. The experience gained from this consultancy project will help the engineering arm expand its reach and be a major business pillar of the Group in the immediate future.

Looking ahead, FY 08 will be a tough and challenging year for LINAIR. The economic downturn in the US triggered by the "Sub- prime" crisis will put a damper to the growth and expansion in the electronic industries. Electronic foundries are likely to put on hold their upgrading and expansion plans. This will affect our duct manufacturing business.

The expected slack in Linair's duct manufacturing business from the electronic industries will have to be met by a two pronged effort. First, we will have to expand our ductwork sales to other industries. Second, we need to expand and grow our Engineering services capitalizing on the economic stimulus of growth in China, Singapore and the Middle East in response to the US economic slowdown. In doing this, our Engineering Arm, leveraging on our core competencies in critical air flow systems, will provide the synergy by helping to broaden the markets for our manufacturing and distribution businesses. We may need to grow our Engineering Arm beyond our organic capabilities.

At the strategic level, Linair's businesses are still relevant. Our manufacturing products and engineering services riding on our core competencies in critical airflow systems will be needed for the foreseeable future. The business knowledge and experiences gained must be retained within the Group. In this light, the Board of Directors has reviewed the remuneration scheme and will be proposing to our shareholders for approval, a share reward scheme for the key personnel of the Group.

In conclusion, on behalf of the board of directors, I would like to thank all our clients and customers for their confidence and trust, all our employees for their diligence and dedication so essential to win and maintain that confidence and trusts; and finally our shareholders for their unwavering support. We are proposing a final dividend of 1 cent per share for this financial period in line with our strong earnings.

BG (Ret) Law Chwee Kiat
Chairman

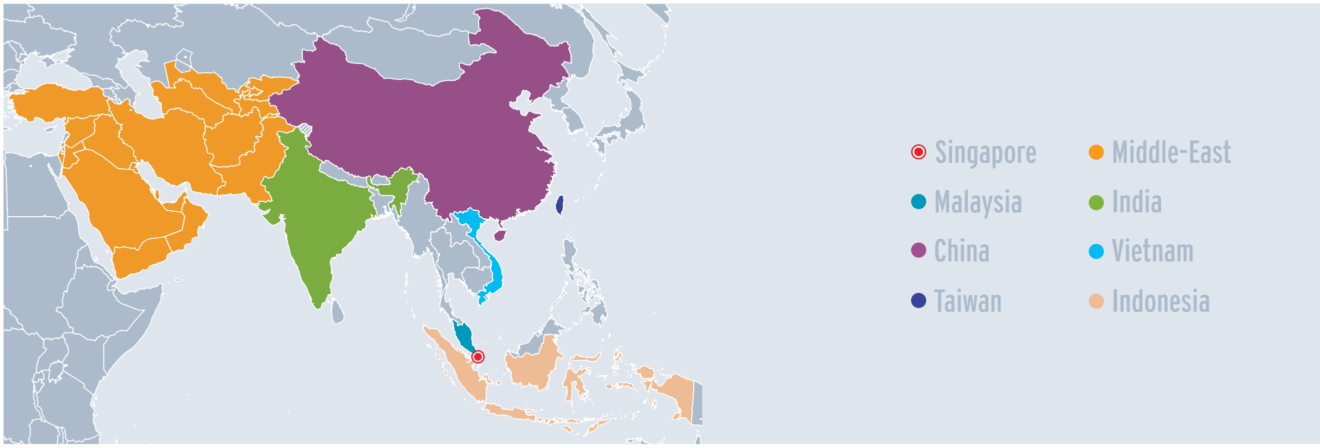
CEO'S MESSAGE

" 'We Deliver What We Promise', thus, assuring that Linair will continue to deliver the best product and service quality, encapsulating best-in-class environmental solutions to fulfill our customers' needs and satisfaction."

Dear Shareholders,

Linair's business growth during FP2007 was fuelled by increases in new foundries in China, Singapore and Malaysia, and our deliberate focus on engineering services. The China operation provided the significant contribution after having established a manufacturing base at Suzhou plant, coupled with our ability to penetrate Taiwanese foundries displacing into China for the first time. All these were possible because of the clear vision and guidance of the Chairman and the management team attaining higher productivity levels in all departments.

The new benchmark will post more challenges to Linair's growth for FY2008. Foremost, the sub-prime issues and declining US market is likely to affect the semiconductor industry. We expect our FM-Approved ETFE-coated Fume Exhaust System to encounter a drop in demand as new foundries are delayed due to funding issues and those completed are scaling down production due to the lower demand.



However, we are mitigating the situation by commissioning a 'cold coating system' for the manufacture of our ETFE-coated ductwork in May 2008 which will reduce our production cost significantly. With the new coating system, we are able to enhance our competitiveness and margin.

In the pipeline, we are building our engineering capabilities by planning to acquire a specialist engineering company with a Singapore BCS L6 license (no limit to tender). The enhanced engineering arm will enable us to engage in tenders for Biotech, commercial and industrial turnkey projects in Singapore. We can expect the enhanced engineering arm to have a marked increase in specialist engineering contracts in Singapore after the successful acquisition.

The enhanced engineering arm will also enable us to participate in full facility design and management projects which we are anticipating to acquire in China, Vietnam and Middle-East. In essence, the enhanced engineering arm will be the key growth driver for Linair in FY2008.

Linair distribution business segment is also beginning to take shape, partly assisted by the International Road Mapping (IRP) grant and members of the IRP team, an initiative by the Singapore Manufacturers Federation (SMa) and Frost & Sullivan, along with the installation of an international marketing department. The new department successfully sold our proprietary designed Individual Ventilated Caging System to USA, Saudi Arabia and Taiwan. The first quarter of FY 2008 will register S$2m in sales, and we expect better performance by the end of the year.

The second challenge is the ability to do more, not only to assure better performances in FY 2008, but also to develop the growth engine for the future. We will expand our operations in Middle-East and may also develop a foothold in Vietnam. We had discussions to participate in commercial and manufacturing projects in Dubai, construction of a galvanising plant in Vietnam and a bio-diesel production plant in China. The successful attainment of any of these projects will form a strong base for Linair to sustain future growth.

The introduction of SGX's CATALIST sets the pace for us to expedite Linair's growth. We have been concentrating on organic growth since IPO, and looking ahead, there is a need to incorporate plans for Mergers and Acquisitions to expedite Linair's growth.

The new key management team was selected and trained to spearhead the challenges ahead. I am confident that they are ahead of the situation and will deliver the results. They are also responsible for Linair's new motto; " We Deliver What We Promise", thus, assuring that Linair will continue to deliver the best product and service quality, encapsulating best-in-class environmental solutions to fulfill our customers' needs and satisfaction.

I wish to express my gratitude to our Chairman for his guidance, the Board of Directors for their contributions, the investors for their support and staffs for their selfless participation to bring about the good results in FP2007.

Mr. Jemme Ong Peng Kwang
Chief Executive Officer

operations

REVIEW

LINAIR DUCT

Seagate Senai Scrubber System

ST Micro Electronics Exhaust Stack

Background

Linair Duct was established to be the first manufacturer to specialise on stainless steel ductwork in the region. With the building of our Senai, Malaysia plant in 2000, we are the only FM-Approved ETFE-coated Ductwork manufacturer in the region. After being listed on the Singapore SGX in 2005, we expanded our market presence and product scope to be the biggest manufacturer of comprehensive ductwork in Asia.

Additional plants in Suzhou and Beijing (China) and Ajman (UAE) were established in 2006 and 2007. All of our plants are equipped with specially designed and custom-made machineries to assure higher productivity and quality which enhances our competitiveness in the ductwork manufacturing business.

Linair Duct adopts a Global Outlook Plan for growth and expansion. The strategy is to be in the proximity of vibrant markets that has a demand for our products. We will continue to increase more manufacturing facilities to tap on the developments in second tier cities dotting China, Vietnam and other parts of Middle East in the future.

Key Highlights in FP2007

Linair Duct revenue contribution amounted to S$57.1 million for FP 2007. This is partly fuelled by the increase of new foundries in Singapore, Malaysia and China. After the taking over of Suzhou plant in November 2006, we spearheaded the drive to offer comprehensive ductwork in the Eastern part of China. We also successfully penetrated Taiwanese foundries based in China with our CMT (FM-Approved ETFE coated ductwork system).

The ductwork business in China contributed S$36.6 million in revenue after having secured Shanghai TianMa and Promos foundries. The successful completion of the S$10.7 million Promos project within 3 months served to establish Linair's position as a high capacity manufacturer for GI and FM-Approved ETFE-ductwork systems.

Linair and Shanghai YingTa developed a joint venture plant at Beijing in May 2007 to supply ductwork system to the Northern sector of China, and to tap on the vibrant developments in preparation for the Beijing Olympics. The plant is expected to contribute revenue and earnings in FY 2008.

In the Middle-East, Linair holds 24% in a joint venture plant in Ajman, between the Group and Electromech Technical Associates and Hitachi Plant Technologies to supply ductwork to Burj Tower (World Tallest Building and Dubai icon), Palm Jumeriah Marina Apartments and prospective projects like Princess Tower and the Gateway Towers (Podium).

Key Developments in FY2008

We expect the demand for FM-Approved ETFE-coated ductwork to decrease because of a possible slowdown in Semiconductor industries, coupled with the effects of declining USA economy and the Sub-Prime issues.

We will be introducing a 'Cold Coating System' for the manufacture and automation of FM-Approved ETFE-coated ductwork system in May FY 2008. When fully operational, we will enjoy significant cost savings serving to enhance our competitiveness and profit margins, providing some cushion to the lower demand anticipated.

In view of the demand for comprehensive ductwork accessories, we will be establishing a GI manufacturing plant in Singapore. We are likely to build more plants to meet the demands in Abu Dhabi (UAE), Vietnam and possibly India markets.

LINAIR BIO-SCIENCE

Venturi Valve


Individual Ventilated Cages


Air Tight Damper

Background

Linair Bio-Science, specializing in critical airflow control was formed in 2004. This revenue pillar of Linair is part of the diversification plan to reduce the reliance on Semiconductor industry. Over the last 3 years, Linair Bio-Science was transformed from a distributor to providing comprehensive Biotech clean room and laboratory solutions, specializing in laboratory design and construction up to Bio-Safety Level 3. In addition we are also providing laboratory audit, equipping, de-contamination and maintenance services.

Linair Bio-Science's track record includes the installation and commissioning of critical airflow systems at major hospitals in Singapore and Malaysia, the Biopolis, major laboratories and vivariums for the biotechnology (biotech) industry. We have a product development department responsible for the design and production of fumehood and series of individual ventilated caging systems for laboratory specimen animals. Linair Bio-Science also works closely with established partners in the biotech sector to offer premier and latest technology products for the biotech industry; namely Phoenix Controls (USA), ClorDiSys Decontamination System (USA), Aircuity (USA) and Lenderking Caging (USA).

Key Highlights in FP2007

Secured maintenance contracts for Institute of Chemical Engineering Singapore laboratory and Agriculture Veterinary Association (BSL 3) laboratory.

The supply of ClorDiSys Chlorine Dioxide Decontamination System to Singapore Civil Defence Force, and the landmark sales of Containment IVC to King Faisal Hospital (Saudi Arabia) and University of Michigan (USA).

Key Developments in FY2008

Linair Bio-Science will leverage on the enhanced Linair Engineering entity to jointly bid for turnkey design and construction of laboratories in Singapore, and continue to provide comprehensive laboratory solutions and maintenance.

Linair Bio-science will also focus their attention on Middle East, seeking partners in Abu Dhabi and Dubai (UAE) to engage in the emerging healthcare industry.

Linair Bio-Science is expecting to perform better in the supply of laboratory equipment like the IVC and fumehood to the international markets. The first quarter will record S$2m in sales and the momentum is likely to increase with more distribution channels established.

The other area of high potential are laboratory rectification and maintenance work which are expected to increase in Singapore. Laboratories built in the past 2 years requires system integration and comprehensive critical airflow balancing and engineering to maintain a high degree of laboratory functionality and safety.

operations
REVIEW

LINAIR ENGINEERING

Scrubber System Engineering

Bio-Polis ACMV Maintenance

Background

The Linair Engineering pillar was formed in 2001 to concentrate on Semiconductor Cleanroom construction, providing installation of fume exhaust systems between 2002 and 2004.

In 2005, we acquired Shanghai Xianda Equipment Installation Co,.Ltd and expanded our capabilities to perform comprehensive mechanical and process engineering in China, while waiting for the upswing in Singapore construction market. The acquisition of Shanghai Xianda also afforded Linair quick entry into the China Semiconductor and Steel Galvanising plants market.

Anticipating an upswing in the construction markets especially in Singapore and the Middle-East, Linair Engineering will likely develop into a full specialist engineering arm before charting her Global Outreach Plan to vibrant development territories such as Middle East and Vietnam.

Key Highlights in FP2007

We secured a mechanical contract to install ventilation ductwork and fume exhaust system for Shanghai Tianma and Promos in China, and Seagate W3, Seagate Senai in Malaysia, contributing to a revenue increase of 188.2% compared to FY 2006.

Key Developments in FY2008

Linair Engineering will further enhance its full design and engineering capabilities through the planned acquisition of a specialist engineering company with BCA L6 (no limits to tender) license. This enhanced engineering capability will enable Linair Engineering to contribute higher book orders, and be the key driver for Linair's growth in 2008.

We will concentrate on providing specialist engineering services for the commercial, industrial and Biotechnology development projects in Singapore, before expanding their coverage to Middle East and Vietnam. She will also play a key supporting role for Linair Duct in the Semiconductor industry.

We will develop project management expertise to be able to tap on opportunities for the construction of Steel Galvanising Plant, Bio-diesel Production Plant and Specialist Training Facilities.

We expect more contributions from Linair Engineering in the future due to the positive development taking place in the construction sectors in Singapore, China, Middle-East and Vietnam.

group STRUCTURE

LINAIR TECHNOLOGIES LIMITED

LINAIR ENGINEERING PTE LTD
100%

LINAIR TECHNOLOGIES (SUZHOU) CO., LTD
100%

LINAIR BIO-SCIENCE PTE LTD
100%

LINAIR TECHNOLOGIES (M) SDN BHD
100%

LINAIR TECHNOLOGIES (TAIWAN) CO., LTD
100%

LINAIR BIO-ENERGY PTE LTD
100%

SHANGHAI XIANDA INDUSTRY EQUIPMENT INSTALLATION CO., LTD
70%

METAL TECHNOLOGIES LLC
24%

LINAIR-YINGTA TECHNOLOGIES (BEIJING) CO., LTD
40%

board of
DIRECTORS

BG (Ret) Law Chwee Kiat
Independent Director
and Non-Executive Chairman

BG (Ret) Law Chwee Kiat brings with him over 30 years of service with the SAF and held several senior command and staff appointments, including Commander of 9th Division, Commander TRADOC and Head Combat Intelligence Department and Acting ACGS (Intelligence). BG (Ret) Law had also served on the boards of two government-linked companies.

Following his retirement from the SAF, BG (Ret) Law was appointed Senior Research Fellow, the Institute of Defence and Strategic Studies, NTU, Singapore. Concurrently he held the appointment of the Head of Operational Art Development Group in the SAF. He left the NTU in 2003 and helped established EinRelevance Pte. Ltd. He is currently the Chairman of the company.

He holds a Bachelor of Arts (Political Science/History) from the National University of Singapore.

Mr. Jemme Ong Peng Kwang
Group Chief Executive Officer

Group CEO Mr. Jemme Ong is primarily responsible for overseeing the Group's strategic business direction and development. Prior to joining the Group in 2003, Mr. Jemme Ong set up Aims Capital Pte Ltd in 1999, a company dealing with investment in equities. In June 2001, he set up Jordans Offshore Supplies Pte Ltd, engaged in the supply of material and handling equipment for the oil and gas industry. From 1997 to 1999, Mr. Jemme Ong was the Managing Partner of Ngee Seng Autoworks and Ngee Seng Spray Painting. From 1990 to 1997, he managed a chain supply and distribution business dealing with home appliances in Indonesia.

Mr. Ho Ta-Huang
Non Executive Director

Mr. Wong Kok Chye
CEO, Linair Duct

Mr. Ong Chin Lin
Independent Director

Mr Ho Ta-Huang is the founder and Chairman of Chern Dar. Mr. Ho has over 30 years of experience in the business of manufacturing and installation of stainless steel and galvanised steel ductworks in Taiwan. He is the honorary Chairman of the Taiwan Hardware Association and an inspector with the Taiwan Ventilation Equipment Association.

Mr. Ho Ta-Huang is the Non Executive Director and executive Director for China operations. His key responsibility is to supervise the business in China.

Mr. Wong Kok Chye is the Chief Executive Officer of Linair Duct, a key business unit of The Linair Group. His responsibilities include overseeing the Group's duct manufacturing business in ASEAN. Prior to joining the Group as Project Director in 2000, he was a consulting Engineer in Rankine & Hill Consultant Engineers and was responsible for designing building systems and management of engineering projects.

Mr. Wong holds a Bachelor degree in Engineering with First Class Honours in Mechanical Engineering from Queen's University of Belfast. Mr. Wong was awarded the Rex McCandless Prize and the F.V. Warnock Prize for academic excellence by the University.

Mr Ong Chin Lin is the Independent Non-Executive Director at Linair. He is the Chairman of the Audit Committee, and member of the Remuneration Committee and Nomination Committee.

Mr. Ong had previously held senior financial and operations positions at Prima Flour Ltd, Malaysia-Beijing Travel Sdn Bhd and Nylect Technology Limited. He has been Yi-Lai Berhad's Independent Non-Executive Director for the past five years, and has most recently been appointed the of Old Chang Kee Ltd.

Mr. Ong graduated with a Bachelor of Commerce (Accountancy) from the then Nanyang University in 1970. He is an associated and fellowship member of the Institute of Chartered Accountants in England & Wales, and also a member of the Malaysia Institute of Accountants.

key MANAGEMENT

(left to right) Back row:

Mr. Lai Mun Yow
Mr. Chang Cheng Yu
Mr. Kang Kian Chye
Mr. Wong Kok Chye

(left to right) Front row:

Mr. Wong Siew Hong
Mr. Jemme Ong Peng Kwang
Mr. Anthony Sum Yew Wah

Mr. Jemme Ong Peng Kwang
Group Chief Executive Officer

Mr. Jemme Ong, the Group Chief Executive Officer is primarily responsible for the Group's strategic directions and developments. He charted Linair's Global outlook Plan and maintained the Group's business health and growth strategies. Mr. Jemme Ong joined Linair in 2003 as General Manager. He was promoted to Chief Operations Officer in 2004 and appointed as Director in 2005 before taking over as Group CEO in 2006.

Mr. Jemme Ong has brought with him to Linair a wealth of experience in managing successful Singapore companies Aims Capital Pte Ltd, Jordans Offshore Supplies Pte Ltd , Ngee Seng Autoworks, Ngee Seng Spray Painting, including a chain supply and distribution business in Indonesia.

Mr. Wong Kok Chye
Chief Executive Officer, Linair Duct

Mr. Wong Kok Chye is the Chief Executive Officer of Linair Duct. He is chiefly responsible for the development, operations and growth of the Group's Duct business. Mr. Wong joined Linair in 2000 as Project Director, and was appointed Sales Director in 2001. He was promoted to South-East Asia Director in 2005 before assuming his current role as CEO, Linair Duct in October 2006.

Mr. Wong holds a Bachelor degree in Engineering with First Class Honours in Mechanical Engineering from Queen's University of Belfast.

Prior to joining Linair, Mr. Wong was a consulting Engineer with Rankine & Hill Consultant Engineers.

Mr. Lai Mun Yow
Chief Executive Officer, Linair Engineering

Mr. Lai Mun Yow joined Linair in Oct 2006 as Chief Executive Officer of Linair Engineering Pte Ltd. His responsibilities include overseeing the Group's engineering business and operations in ASEAN and China. Mr. Lai has more than 20 years of experience in project management and construction of laboratory, pharmaceutical plants and clean rooms.

Prior to joining Linair, Mr. Lai was the project manager with Shin Nippon Air Technologies Co., Ltd.

Mr. Wong Siew Hong
Group Chief Financial Officer

Mr Wong joined Linair as Chief Financial Officer in April 2007. He is responsible for the financial management and reporting functions of the Group. Mr. Wong is also the Company Secretary. Prior to joining the group, Mr. Wong Siew Hong was with Foo Kon Tan Grant Thornton for nine years and his last held position was that of Senior Audit Manager. Mr. Wong holds a Bachelor of Accountancy from the National University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

Mr. Anthony Sum Yew Wah
Group Chief Marketing Officer

Mr. Anthony Sum was appointed Linair's Chief Marketing Officer in Jan 2007. He is responsible for the Group's Global Marketing effort in providing marketing leadership and support, establish distributorships and sales, develop partnerships and alliances. Mr Sum also oversees the Group's Corporate Affairs, and is responsible for shaping and implementing policy initiatives.

Mr Sum has more than 17 years' experience with MNCs and SMEs. He holds a Master Of Science in IT from the University of Glasgow (UK) and a Executive MBA from the Golden Gate University (USA).

Mr.Jason Oh Boon Chye (not in picture)
Director, Middle-East Operations

Mr. Jason Oh was appointed Linair's Director of Middle-East Operations in August 2006. He is chiefly responsible for the Group's business development and operations in the Middle-East region.

Mr Jason Oh started his career as a Guards Officer with the Singapore Armed Forces, in 1988. He graduated with a BEng Honours degree in Civil Engineering from the University of Glasgow, UK. Mr Oh has 10 years experience in the building and construction industry. In 2004, he was appointed Executive Director of Linair Technologies Limited,.

Mr. Oh is also the Chairman of the Institute Of Engineers' (IES) Overseas Chapter (UAE) Committee for 2006/2007.

Mr. Chang Cheng Yu
General Manager, Linair Technologies (Suzhou) Co., Ltd

Mr. Chang joined Linair in Dec 2007 as General Manager of Linair Technoloiges (Suzhou) Co.,Ltd, a wholly owned subsidiary company of The Linair Group. He is responsible for the management and development of the Group's business and duct manufacturing operations in China. Mr. Chang has more than 10 years of experience in the business of manufacturing and installation of stainless steel and galvanised steel ductworks in Taiwan.

Mr Chang holds a Bachelor Degree in Mechanical Engineering, Taiwan Yuan-Ze University.

Mr. Kang Kian Chye
Chief Executive Officer,
Linair Bio-Science

Mr. Kang Kian Chye was appointed Chief Executive Officer of Linair Bio-Science in April 2007. His key responsibilities include developing and overseeing the Group's biotechnology and engineering maintenance business. Mr. Kang is involved in the design, testing & commissioning of critical airflow control systems, and is responsible for the development and business of Linair Micro-Safe Individual Ventilated Caging System.

Mr. Kang has more than 10 years of experience in project management and critical systems design including process and waste management systems. Prior to joining Linair, Mr. Kang was a Project Manager at Cegelec Pte Ltd and Asia Pacific Sales and Technical Support at Phoenix Controls Corporation.

Mr Kang holds a Bachelor Degree of Science in Computer Science from The Open University.

corporate INFORMATION

Board of Directors

BG (Ret) Law Chwee Kiat *(Independent/ Non-Executive Chairman)*
Jemme Ong Peng Kwang *(Group CEO)*
Wong Kok Chye *(CEO, Linair Duct)*
Ho Ta-Huang *(Non-Executive Director)*
Ong Chin Lin *(Independent Director)*

Executive Committe

Jemme Ong Peng Kwang *(Chairman)*
Wong Kok Chye
Wong Siew Hong
Anthony Sum Yew Wah
Lai Mun Yow

Audit Committee

Ong Chin Lin (*Chairman*)
BG (Ret) Law Chwee Kiat
Ho Ta-Huang

Nominating Committee

BG (Ret) Law Chwee Kiat *(Chairman)*
Jemme Ong Peng Kwang
Ong Chin Lin

Remuneration Committee

BG (Ret) Law Chwee Kiat *(Chairman)*
Ho Ta-Huang
Ong Chin Lin

Company Secretary

Wong Siew Hong

Share & Warrant Registrar and Share Transfer Office

KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

Auditors

Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce
& Industry Building
Singapore 179365

Partner-In-Charge

Ms Chia Siew Eng
(with effect from FY2003)

Principal Bankers

United Overseas Bank Limited
Malayan Banking Berhad

Registered Office

No.2 Woodlands Sector 1,
#01-08 Woodlands Spectrum 1,
Singapore 738068
Telephone: (65) 6757 5310
Facsimile: (65) 6757 5319
Registration No: 199505699D
Corporate Website
http://www.linair.com.sg

corporate GOVERNANCE STATEMENT

The Company is committed to ensure that high standards of corporate governance and transparency are practical for the protection of shareholders' interest, whilst upholding values of integrity, accountability and pursuing entrepreneurial and strategic direction so as to preserve and enhance shareholder value.

Except as disclosed, the Company has complied with the requirements of the Code of Corporate Governance ("Code") as well as the Singapore Exchange Listing Manual requirements. There are other sections in this annual report which contain information required by the Code. Hence the annual report should be read in totality.

BOARD MATTERS

Principle 1: Effective Board to lead and control the company

The Board meets regularly and as warranted by particular circumstances or as deemed appropriate by the board members. The Company Secretary is always present at such meetings to record the proceedings.

The attendance of the directors at meetings of the Board and Board Committees during the year, as well as the frequency of such meetings, is disclosed below:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Jemme Ong Peng Kwang	5	5	-	-	2	2	3	1*
Wong Kok Chye	5	5	-	-	-	-	-	-
Ho Ta-Huang	5	4	5	4	-	-	3	2
BG(Ret) Law Chwee Kiat	5	5	5	5	2	2	3	3
Ong Chin Lin	5	5	5	5	2	2	3	3

* Prior to his resignation as member of Remuneration Committee.

The responsibilities of the Board include:

- reporting to shareholders and the market;
- ensuring adequate risk management processes;
- reviewing internal controls and internal and external audit reports;
- monitoring the Board composition, director selection and Board processes and performance;
- reviewing and approving executive directors' remuneration;
- validating and approving corporate strategy;
- reviewing business results, monitoring budgetary control and corrective actions (if required); and
- authorising and monitoring major investment and strategic commitments.

Newly appointed directors will be given an orientation program to familiarise themselves with the Company's operations.

BOARD COMPOSITION AND BALANCE

Principle 2: Strong and independent element on the Board

As shown on Page 16 and 17, the Board comprises five members, two are executive and three are non-executive. Two of the non-executive directors are independent directors. Key information regarding the Directors and their appointments on various Board Committees is also contained therein. There is an Audit Committee, a Remuneration Committee and a Nominating Committee. All Committees are chaired by an independent director, with majority of members being non-executive and independent.

As a team, the Board provides collectively core competencies such as accounting, finance, business and management experience as well as industry knowledge.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities at the top of the company

Currently, the Chairman of the Board is BG (Ret) Law Chwee Kiat, an Independent non-executive Director whilst the Chief Executive Officer, Mr Jemme Ong is an executive Director. The Board is of the view that the current size and structure are appropriate given that the non-executive directors form the majority in the Board comprising five members. The Chairman is also responsible for the workings of the Board. Regular meetings are scheduled to enable the Board to perform its duties. Agendas are prepared in consultation with the key executives as well as the Company Secretary. There is no restriction of access to the senior management by the Board and all board papers are prepared mainly by key executives who hold professional qualifications. The Chairman is also assisted in ensuring compliance with the Company's guideline on corporate governance by the three Committees and the internal audit function which reports to the Audit Committee.

BOARD MEMBERSHIP

Principle 4: Formal and transparent process for appointment of new directors

The role of Nominating Committee is to make recommendations to the Board on all board appointments. The Committee is charged with the responsibility of re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director. Nominating Committee is also charged with determining annually whether or not a director is independent. The Company has in place the policy and procedures for the appointment of independent non-executive Directors, including a description on the search and nomination process.

Currently, Article 89 of the Company's Articles of Association provides that, "one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. For the avoidance of doubt, each Director shall retire at least once every three years."

BOARD PERFORMANCE

Principle 5: Formal assessment of the effectiveness of the Board and contributions of each director

The Nominating Committee has established a formal evaluation process to assess the effectiveness of the Board as a whole and of individual director.

For the current year, the Board is satisfied that each individual director has allocated sufficient time and resources to the affairs of the Company.

ACCESS TO INFORMATION

Principle 6: Board members to have complete, adequate and timely information

Periodic financial summary reports, budgets, forecasts and other disclosure documents are provided to the Board, where appropriate, prior to Board meetings. The Board has separate and independent access to the Company Secretary and key executives.

The Company Secretary is present at all formal Board meetings to respond to the queries of any Director and to assist in ensuring that board procedures as well as applicable rules and regulations are followed.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice.

REMUNERATION MATTERS

Principle 7: Formal and transparent procedure for fixing remuneration packages of directors

The Remuneration Committee recommends to the Board a framework for remuneration for the Board and key executives and to determine specific remuneration packages for each executive director of the Company.

LEVEL/MIX AND DISCLOSURE OF REMUNERATION

Principle 8: Remuneration of directors should be adequate but not excessive

Principle 9: Remuneration policy, level and mix of remuneration and procedure for setting remuneration

The Board has also recommended a fixed fee for non-executive directors plus a variable component which is depending on the number of meeting they attend, taking into account the effort, time spent and responsibility of each non-executive director. The fees of non-executive directors will be subjected to shareholders' approval at the AGM.

Disclosure of Remuneration of Directors and Executives

DIRECTORS

	Mix of Remuneration				
Name	**Salary**	**Bonus**	**Others**	**Fee**	**Total**
Below $250,000					
Jemme Ong Peng Kwang	77%	11%	12%	-	100%
BG (Ret) Law Chwee Kiat	-	-	-	100%	100%
Ho Ta-Huang	-	-	-	100%	100%
Ong Chin Lin	-	-	-	100%	100%
Wong Kok Chye	78%	19%	3%	-	100%

Rather than set out the names of the top five executives who are not Directors of the Company, the remuneration in the period from 01 October 2006 to 31 December 2007 of the top five executives are set out below in bands of S$250,000 so as to maintain the confidentiality of their remuneration packages. The remuneration packages of the key executives are classified as follows:

Above S$250,000 : 0
Below S$250,000 : 5

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability of the Board and management

Half yearly and full year results are released to the shareholders through SGXNET in the current year.

The Board is provided with half yearly and full year financial reports together with the relevant analysis. Other relevant disclosure documents are also made available to the Board, where appropriate.

AUDIT COMMITTEE

Principle 11: Establishment of audit committee with written terms of reference

AUDIT COMMITTEE

As disclosed on page 29, the Audit Committee comprises the following members, all of whom are independent and non-executive:

Mr Ong Chin Lin (Chairman)
BG(Ret) Law Chwee Kiat
Mr Ho Ta-Huang

The role of the Audit Committee is to assist the Board of Directors in the execution of its corporate governance responsibilities within the established Board references and requirements. The Audit Committee also reviewed the financial statements of the Group for the period ended 31 December 2007 as well as the auditor's report thereon and the half-yearly and annual results announcements before they are submitted to the Board for approval. The Audit Committee also reviewed the interested person transactions of the Group. The services of the Internal Audit Department are utilised to assist the Audit Committee in the discharge of its duties and responsibilities. The Audit Committee also has the authority to carry out any matter within its terms of reference. The Audit Committee has also reviewed the change of auditors from Foo Kon Tan Grant Thornton to PKF-CAP LLP and recommended to the Board the appointment of PKF-CAP LLP as the auditors of the Company.

The financial statements, accounting policies and system of internal accounting controls are the responsibilities of the Board of Directors acting through the Audit Committee. In performing its functions set out in Section 201B(5) of the Companies Act, Cap. 50, the Audit Committee reviewed the scope of work both internal and external auditors and the assistance given by the Group's officers to the audits. It met periodically with the Company's internal and external auditors to review their audit plan and discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting controls. The Audit Committee always has separate and independent access to the external auditors and the Internal Audit function.

The Company has in place a whistle-blowing framework where staff of the Company can have access to the Audit Committee Chairman. All concerns about improprieties would be channelled to the Head of Human Resource who would investigate and report to the Audit Committee Chairman.

In accordance with the Code, the Audit Committee is satisfied that it:

- has full access to and cooperation from management as well as discretion to invite any Director, executive or otherwise, to attend its meeting
- has been given reasonable resources to enable it to complete its functions properly
- has reviewed findings and evaluation of the system of internal controls with internal and external auditors.

The Audit Committee has reviewed the amount of non-audit services to the Group by the external auditors and is satisfied that the nature and extent of such services had not prejudiced the independence and objectivity of the external auditors.

The Company recognises that external auditors are a critical component of the Group's overall corporate governance framework as they provide the Board and shareholders with an independent verification of the Group's financial statements as well as highlighting areas for strengthening the Group's systems of internal control and accounting procedures during the course of the audit. The Audit Committee believes that the periodic rotation of external auditors will serve to further enhance the independence and effectiveness of the external auditors and, in the process, further strengthen the corporate governance of the Group. The Audit Committee had reviewed the proposals from various audit firms and are of the opinion that PKF-CAP LLP will be able to meet the audit requirements of the Group. The Audit Committee has recommended to the Board that PKF-CAP LLP be nominated for appointment as external auditors for the financial year ending 31 December 2008, subject to the approval of shareholders at the Annual General Meeting on 28 April 2008.

INTERNAL CONTROLS

Principle 12: Sound system of internal controls

The Group maintains a system of internal controls for all companies within the Group. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguarded, operational controls are in place, business risks are suitably protected and proper accounting records are maintained. The Audit Committee is satisfied that the internal audit function is adequate.

With the assistance of the Internal Audit function and through the Audit Committee, the Board of Directors reviews the effectiveness of the key internal controls on an on-going basis, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report independently conclusions and recommendations to management and to the Audit Committee.

RISK MANAGEMENT

The Group's systems of internal control have a key role in the identification and management of risks that are significant to the achievement of its business objectives. The process of business risk management has been integrated throughout the Group into business planning and monitoring process. The results are reviewed by key senior executives on a continuous basis. The overall risk management process and results are reviewed by the Board.

In addition, a comprehensive exercise to assess the risk of each of the individual operating division was conducted by the Internal Audit function with the participation from the Board and senior members of the management team. This provided the Board and the management with another opportunity to re-look at risk management issues.

The significant macro-level risk factors relevant to the Group's operations and the associated mitigating factors are discussed as follows:

Corporate Level

Financial risk

Such risks include interest rate risk, foreign currency risks from foreign currency denominated assets and liabilities as well as foreign investments and credit risks arising from payment default by customers or tenants. We manage risks mainly by monitoring the rate movements in the financial market closely, hedging the fluctuation risks by use of the appropriate hedge instruments and putting a formal credit evaluation and collection system in place.

Operational risks that may result in fraud and error

The sheer diversity and scale of our operations subject us to such risks. We address these risks by instituting standards on corporate governance, promoting control consciousness, implementing proper system of internal controls and maintaining an internal audit function.

INTERNAL AUDIT

Principle 13: Independent internal audit function

The Internal Audit function reports directly to the Audit Committee. The Internal Audit function follows essentially the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. Currently, the Internal Audit function is managed by LTC & Associates.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Shareholder participation at AGM

The Board strives to ensure that timely disclosure is made regarding all material business matters affecting the Group so as to maintain a high level of transparency. All announcements by the Company are made through SGXNET.

The Group also maintains a website at http://www.linair.com.sg at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group.

At AGMs, shareholders are given the opportunities to express their views and ask the Board and Management questions regarding the operations of the Company.

SECURITIES TRANSACTIONS

In line with the code, the Company issues circulars to its Directors, principal officers and relevant officers, to remind them that they are required to report on their dealings in shares of the Company. They are also reminded of the prohibition in dealings in shares of the Company the month before the release of the half-year and year-end financial results and ending on the date of the announcement of the relevant results, and if they are in possession of unpublished material price sensitive information.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and are reviewed by the Audit Committee. There is no interested person transactions conducted during the year.

The Board is satisfied with the Group's commitment to compliance with the Code of Corporate Governance.

financial STATEMENTS

contents

directors'
REPORT

The directors submit this annual report to the members together with the audited balance sheet of the Company and consolidated financial statements of the Group for the financial period from 1 October 2006 to 31 December 2007.

NAMES OF DIRECTORS

The directors in office at the date of this report are:

BG (Ret) Law Chwee Kiat
Ong Peng Kwang Jemme
Ho Ta-Huang
Ong Chin Lin
Wong Kok Chye

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial period, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial period was interested in shares of the Company and its related corporations except as follows:

	Shares registered in the name of director		**Shares in which director is deemed to have an interest**	
Name of director	As at 1.10.2006	**As at 31.12.2007 and 21.1.2008**	As at 1.10.2006	**As at 31.12.2007 and 21.1.2008**
	Number of ordinary shares fully paid			
The Company:				
Linair Technologies Limited				
BG (Ret) Law Chwee Kiat	1,500,000	**1,492,000**	-	**508,000**
Ong Peng Kwang Jemme	30,000	**40,000**	7,242,180	**9,656,240**
Ho Ta-Huang	-	-	11,070,260	**14,761,000**
Ong Chin Lin	100,000	**134,000**	-	**-**
Interest in warrants in the Company				
BG (Ret) Law Chwee Kiat	-	**186,500**	-	**63,500**
Ong Peng Kwang Jemme	-	**5,000**	-	**1,207,030**
Ho Ta-Huang	-	**-**	-	**1,845,370**
Ong Chin Lin	-	**17,000**	-	**-**

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50.

WARRANTS

On 19 July 2007, the Company allotted 14,397,767 warrants at an issue price of $0.13 for each warrant. Each warrant entitles the warrant holder to subscribe for one (1) new ordinary share. The warrants have an exercise period of 3 years from 19 January 2007 to 18 January 2010. During the financial period, 805,000 ordinary shares were issued for the conversion of warrants and the outstanding number of warrants is 13,592,767 as at 31 December 2007.

SHARE OPTIONS

No options to take up unissued shares of the Company or of its subsidiaries have been granted during the financial period.

No shares were issued during the financial period to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares under option at the end of the financial period.

AUDIT COMMITTEE

The Audit Committee comprises the following members:

Ong Chin Lin (Chairman)
BG (Ret) Law Chwee Kiat
Ho Ta-Huang

The Audit Committee carried out its functions in accordance with Section 201B of the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited and Code of Corporate Governance.

In performing its functions, the Audit Committee reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls. The Audit Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial period from 1 October 2006 to 31 December 2007 as well as the auditors' report thereon. The Audit Committee has full access to and co-operation of the Management and has been given the resources required for it to discharge its functions properly. It also has discretion to invite any Director and executive officer to attend its meetings.

The Audit Committee has also conducted a review of the fees paid or payable to the auditors for non-audit services for financial period from 1 October 2006 to 31 December 2007. The non-audit fees relate primarily to the provision of tax services for the companies in the Group. In pursuance with Section 206(1A) of the Companies Act, Cap. 50, and based on the review by the Audit Committee and its recommendation, the Board is also satisfied that the level of non-audit fees paid or payable to the auditors did not affect the independence of the auditors.

As Foo Kon Tan Grant Thornton will be retiring and not seeking re-appointment, the Audit Committee will be nominating PKF-CAP LLP as auditors of the Company at the forthcoming Annual General Meeting.

AUDITORS

The auditors, Foo Kon Tan Grant Thornton, Certified Public Accountants, retiring at the forthcoming Annual General Meeting, will not be seeking to accept re-appointment.

On behalf of the Directors

ONG PENG KWANG JEMME

WONG KOK CHYE

Dated: 28 February 2008

statement by
DIRECTORS

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

In the opinion of the directors, the accompanying balance sheets, consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement, together with the notes thereon, are drawn up in accordance with and comply with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the results of the business, changes in equity and cash flows of the Group for the financial period from 1 October 2006 to 31 December 2007 and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

ONG PENG KWANG JEMME

WONG KOK CHYE

Dated: 28 February 2008

independent auditors' REPORT

to the members of Linair Technologies Limited

We have audited the accompanying financial statements of Linair Technologies Limited ("the Company") and its subsidiaries ("the Group"), which comprise the balance sheets of the Company and the Group as at 31 December 2007, the income statement and statement of changes in equity of the Company and the Group and consolidated cash flow statement for the period from 1 October 2006 to 31 December 2007, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and the results, changes in equity and cash flows of the Group for the period from 1 October 2006 to 31 December 2007; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore, 28 February 2008

balance
SHEETS

Financial statements for the period from 1 October 2006 to 31 December 2007

		The Company		The Group	
	Note	**31 December 2007 $**	30 September 2006 $	**31 December 2007 $**	30 September 2006 $
Assets					
Non-Current					
Goodwill	4	**-**	-	**132,472**	132,472
Property, plant and equipment	5	**784,274**	613,282	**6,811,787**	5,107,933
Club membership	6	**-**	52,500	**-**	52,500
Subsidiaries	7	**9,403,654**	5,200,407	**-**	-
Associated companies	8	**571,870**	-	**571,870**	-
		10,759,798	5,866,189	**7,516,129**	5,292,905
Current					
Inventories, at cost	9	**110,387**	69,466	**3,432,211**	1,879,213
Amounts due from contract customers	10	**787,746**	267,251	**3,521,138**	1,000,859
Trade and other receivables	11	**19,064,872**	8,895,170	**21,519,402**	9,203,752
Fixed deposits pledged	12(a)	**614,501**	613,004	**1,476,873**	1,155,113
Fixed deposits	12(b)	**527,433**	-	**527,433**	-
Cash and bank balances		**707,293**	1,789,146	**2,822,231**	2,796,843
		21,812,232	11,634,037	**33,299,288**	16,035,780
Total assets		**32,572,030**	17,500,226	**40,815,417**	21,328,685
Equity					
Capital and Reserves					
Share capital	13	**10,802,968**	7,111,244	**10,802,968**	7,111,244
Retained profits		**6,025,923**	3,514,216	**8,388,688**	4,595,588
Exchange fluctuation reserve		**-**	-	**(117,194)**	(88,168)
Attributable to equity holders of parent		**16,828,891**	10,625,460	**19,074,462**	11,618,664
Minority interests		**-**	-	**321,557**	201,724
Total equity		**16,828,891**	10,625,460	**19,396,019**	11,820,388
Liabilities					
Non-Current					
Obligations under finance lease	14	**810,428**	563,621	**828,436**	594,896
Deferred tax liabilities	15	**-**	-	**244,217**	171,546
Other payables	16	**-**	51,072	**-**	51,072
Bank borrowings	17	**-**	370,444	**-**	370,444
		810,428	985,137	**1,072,653**	1,187,958
Current					
Trade and other payables	16	**10,630,636**	4,501,333	**13,438,053**	6,522,528
Obligations under finance lease	14	**1,023,751**	468,562	**1,034,364**	479,177
Provision for taxation		**605,166**	603,871	**1,154,328**	629,464
Bank borrowings	17	**2,673,158**	315,863	**4,720,000**	689,170
		14,932,711	5,889,629	**20,346,745**	8,320,339
Total equity and liabilities		**32,572,030**	17,500,226	**40,815,417**	21,328,685

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

consolidated income STATEMENT

Financial statements for the period from 1 October 2006 to 31 December 2007

	Note	Period from 1 October 2006 to 31 December 2007 $	Year ended 30 September 2006 $
Revenue	3	**69,331,524**	22,428,079
Cost of sales		**(56,463,944)**	(15,010,505)
Gross profit		**12,867,580**	7,417,574
Other operating income		**676,258**	96,050
Administrative expenses	18a	**(4,912,163)**	(3,441,005)
Other operating expenses	18b	**(3,034,590)**	(2,304,350)
Finance costs		**(234,421)**	(127,446)
Share of associated companies' results		**(120,363)**	-
Profit before taxation	18c	**5,242,301**	1,640,823
Taxation	20	**(1,078,211)**	(513,981)
Profit for the period/year		**4,164,090**	1,126,842
Attributable to:			
Equity holders of the parent		**4,009,064**	1,137,935
Minority interests		**155,026**	(11,093)
		4,164,090	1,126,842
Earnings per share (cents)			
Basic	21	**3.61**	1.16
Diluted	21	**3.48**	1.16

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

consolidated statement of

CHANGES IN EQUITY

Financial statements for the period from 1 October 2006 to 31 December 2007

	Share capital	Share premium	Exchange fluctuation reserve	Retained profits	Attributable to equity holders of company	Minority interests	Total
	$	$	$	$	$	$	$
Balance at 1 October 2005	4,319,340	2,791,904	86,377	4,321,521	11,519,142	203,382	11,722,524
Effects of Companies' (Amendment) Act 2005	2,791,904	(2,791,904)	-	-	-	-	-
As restated	7,111,244	-	86,377	4,321,521	11,519,142	203,382	11,722,524
Net profit for the year/ Total recognised income and expenses for the year	-	-	-	1,137,935	1,137,935	(11,093)	1,126,842
First and final dividend of 1 cent per share (tax-exempt) for year ended 30 September 2005	-	-	-	(863,868)	(863,868)	-	(863,868)
Exchange fluctuation difference	-	-	(174,545)	-	(174,545)	9,435	(165,110)
Balance at 30 September 2006	7,111,244	-	(88,168)	4,595,588	11,618,664	201,724	11,820,388
Balance at 1 October 2006	**7,111,244**	**-**	**(88,168)**	**4,595,588**	**11,618,664**	**201,724**	**11,820,388**
Rights issue	**3,743,428**	**-**	**-**	**-**	**3,743,428**	**-**	**3,743,428**
Exercise of warrants	**136,850**	**-**	**-**	**-**	**136,850**	**-**	**136,850**
Net profit for the period/ Total recognised income and expenses for the period	**-**	**-**	**-**	**4,009,064**	**4,009,064**	**155,026**	**4,164,090**
Share issue expenses	**(188,554)**	**-**	**-**	**-**	**(188,554)**	**-**	**(188,554)**
First and final dividend of 0.25 cent per share (tax-exempt) for year ended 30 September 2006	**-**	**-**	**-**	**(215,964)**	**(215,964)**	**-**	**(215,964)**
Exchange fluctuation difference	**-**	**-**	**(29,026)**	**-**	**(29,026)**	**(35,193)**	**(64,219)**
Balance at 31 December 2007	**10,802,968**	**-**	**(117,194)**	**8,388,688**	**19,074,462**	**321,557**	**19,396,019**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

consolidated cash flow
STATEMENT

Financial statements for the period from 1 October 2006 to 31 December 2007

	Period from 1 October 2006 to 31 December 2007 $	Year ended 30 September 2006 $
Cash Flows from Operating Activities		
Net profit before taxation	**5,242,301**	1,640,823
Adjustments for:		
Depreciation of property, plant and equipment	**1,338,519**	719,365
Impairment of property, plant and equipment	**-**	59,552
Impairment of goodwill	**-**	143,666
(Provision for warranty no longer required)/provision for warranty	**(199,919)**	579,085
Exchange fluctuation difference	**(44,978)**	(99,973)
Interest expense	**234,421**	127,446
Interest income	**(68,518)**	(39,942)
Loss on disposal of property, plant and equipment	**103,270**	30,969
Share of associated companies' results	**120,363**	-
Gain of club membership disposal	**(1,365)**	-
Allowance for impairment loss in club membership	**-**	3,167
Operating profit before working capital changes	**6,724,094**	3,164,158
(Increase)/decrease in inventories	**(1,552,998)**	106,988
Increase in work-in-progress	**(2,520,279)**	(256,211)
Increase in operating receivables	**(12,317,921)**	(2,802,260)
Increase in operating payables	**7,118,237**	1,176,598
Cash (used in)/generated from operations	**(2,548,867)**	1,389,273
Interest paid	**(234,421)**	(129,254)
Tax paid	**(480,674)**	(765,734)
Net cash (used in)/generated from operating activities	**(3,263,962)**	494,285
Cash Flows from Investing Activities		
Purchase of property, plant and equipment (Note A)	**(1,902,659)**	(1,107,079)
Net outflow from acquisition of subsidiaries (Note B)	**-**	(60,000)
Proceeds from sale of investments	**-**	1,000,000
Acquisition of investment in associated companies	**(692,233)**	-
Settlement of balance payable to minority shareholder of a subsidiary	**-**	(750,500)
Interest received	**68,518**	21,707
Proceeds from disposal of property, plant and equipment	**454,032**	143,591
Net cash used in investing activities	**(2,072,342)**	(752,281)
Cash Flows from Financing Activities		
Bank borrowings obtained	**3,660,386**	634,757
Increase in fixed deposits pledged	**(319,490)**	(331,540)
Finance lease obligations paid	**(927,528)**	(645,297)
Dividends paid	**(215,967)**	(863,868)
Proceeds from shares issued	**3,880,278**	-
Share issue expenses	**(188,554)**	-
Net cash generated from/(used in) financing activities	**5,889,125**	(1,205,948)
Net increase/(decrease) in cash and cash equivalents	**552,821**	(1,463,944)
Cash and cash equivalents at the beginning of the period/year	**2,796,843**	4,260,787
Cash and cash equivalents at the end of the period/year (Note C)	**3,349,664**	2,796,843

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

consolidated cash flow

STATEMENT

Financial statements for the period from 1 October 2006 to 31 December 2007

NOTE:

A. During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $3,618,914 (2006 - $2,407,493) of which $1,716,255 (2006 - $790,839) was acquired under finance lease. Amount owing to suppliers for property, plant and equipment was $NIL (2006-$509,575) at the end of the financial period. Cash payments of $1,902,659 (2006 - $1,107,079) were made to purchase property, plant and equipment.

B. The fair value of subsidiaries' assets acquired and liabilities assumed in 2006 were as follows:

	Period from 1 October 2006 to 31 December 2007 $	Year ended 30 September 2006 $
Minority Interests	-	12,821
Positive goodwill	-	47,179
Total purchase price	-	60,000
Satisfied by:		
Cash consideration	-	60,000
	-	60,000
Net cash outflow from subsidiaries acquired	-	(60,000)

C. Cash and cash equivalent at end of financial year

	31 December 2007 $	30 September 2006 $
Fixed deposits	**527,433**	-
Cash and bank balances	**2,822,231**	2,796,843
	3,349,664	2,796,843

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 GENERAL INFORMATION

The financial statements of the Company and of the Group for the period from 1 October 2006 to 31 December 2007 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The Company is a public limited liability company and domiciled in the Republic of Singapore.

The registered office of the Company is located at No. 2 Woodlands Sector 1, #01-08 Woodlands Spectrum 1, Singapore 738068.

The principal activities of the Company are in the business of supply and installation of environment-control exhaust systems from its component parts. The principal activities of the subsidiaries are stated in Note 7 to the financial statements.

2(a) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, unless as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

In the process of applying the Group's accounting policy, which are described in Note 2(d), management has made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

<u>Impairment of goodwill</u>

The Group determines whether goodwill is impaired at least once on an annual basis. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows.

<u>Depreciation of property, plant and equipment</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

<u>Revenue and cost of sales recognition</u>

The Group has recognised revenue generated from construction contract and relevant cost of sales incurred by using the percentage of completion method. The assessment of the percentage of completion requires the examination of the circumstances of the transaction. The Group believes that its recognition basis of sales and cost of sales as set out in Note 2(d) is appropriate.

2(a) BASIS OF PREPARATION (CONT'D)

Significant accounting estimates and judgements (cont'd)

Income tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Operating lease commitments - as lessor

The Group has entered into commercial property leases on its freehold property. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Impairment of doubtful debts

The Group provides for doubtful debts mainly based on the collectability and aging status of the individual receivable at the end of the period. The balance of impairment for doubtful debts as of 31 December 2007 amounted to $147,186.

2(b) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2006

On 1 October 2006, the Company and the Group adopted the new or revised FRS and INT FRS that are mandatory for application on 1 January 2006. This includes the following FRS and INT FRS, which are relevant to the Company and the Group:

FRS 1 (Amendment)	Presentation of Financial Statements
FRS 16 (Amendment)	Property, Plant and Equipment
FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effect of Changes in Foreign Exchange Rates
FRS 24 (Amendment)	Related Party Disclosures
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 37 (Amendment)	Provisions, Contingent Liabilities and Contingent Assets
FRS 38 (Amendment)	Intangible Assets
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS 102 – Group and Treasury Share Transactions

The adoption of the above FRS and INT FRS are not significant and did not result in substantial changes to the Company's and the Group's accounting policies.

2(c) FRS AND INT FRS ISSUED AND NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following significant FRS and INT FRS were issued but not effective:

FRS 1	Presentation of Financial Statements and Amendments Relating to Capital Disclosure (effective 1 January 2007)
FRS 1	Presentation of Financial Statements (effective 1 January 2009)
FRS 2	Inventories (effective 1 January 2009)
FRS 7	Cash Flow Statements (effective 1 January 2009)
FRS 8	Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2009)
FRS 10	Events after the Balance Sheet Date (effective 1 January 2007)
FRS 11	Construction Contracts (effective 1 January 2009)
FRS 12	Income Taxes (effective 1 January 2007)
FRS 14	Segment Reporting (effective 1 January 2007)
FRS 16	Property, Plant and Equipment (effective 1 January 2009)
FRS 17	Leases (effective 1 January 2007)
FRS 19	Employee Benefits (effective 1 January 2009)
FRS 23	Borrowing Costs (effective 1 January 2009)
FRS 27	Consolidated and Separate Financial Statements (effective 1 January 2009)
FRS 32	Financial Instruments: Presentation (effective 1 January 2007)
FRS 33	Earnings Per Share (effective 1 January 2009)
FRS 34	Interim Financial Reporting (effective 1 January 2009)
FRS 36	Impairment of Assets (effective 1 January 2009)
FRS 38	Intangible Assets (effective 1 January 2009)
FRS 39	Financial Instruments: Recognition and Measurement
FRS 40	Investment Property (effective 1 January 2007)
FRS 101	First-time Adoption of Financial Reporting Standards (effective 1 January 2009)
FRS 102	Share-based Payments (effective 1 January 2007)
FRS 103	Business Combinations (effective 1 January 2007)
FRS 104	Insurance Contracts (effective 1 January 2007)
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (effective 1 January 2009)
FRS 107	Financial Instruments: Disclosures (effective 1 January 2007)
FRS 108	Operating Segments (effective 1 January 2009)
INT FRS 29	Amendments to Disclosure - Service Concession Agreements (effective 1 January 2008)
INT FRS 101	Amendments to Changes in Existing Decommissioning, Restoration and Similar Liabilities (effective 1 January 2009)
INT FRS 104	Amendments to Determining whether an Arrangement contains a Lease (effective 1 January 2008)
INT FRS 112	Service Concession Arrangement (effective 1 January 2009)

The directors do not anticipate that the adoption of these FRS and INT FRS in the period of initial application will have a material impact on the financial statements.

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up for the period from 1 October 2006 to 31 December 2007. Details of its subsidiaries are given in Note 7. All inter-Company balances and significant inter-Company transactions and resulting unrealised profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from consolidated financial statements from the effective dates of acquisition or disposal i.e. when the power to govern the financial and operating policies of the subsidiary Company is ceded. Where accounting policies of the subsidiary Company do not conform to those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

Minority interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of fair value of the subsidiary's identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition except when the losses applicable to the minority interests in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interests are attributed to the equity holders of the Company, unless the minority interests have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minority interests' share of losses previously absorbed by the equity holders of the Company have been recovered. Minority interest is presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

Goodwill

Goodwill on consideration arises when purchase price exceeds the fair values attributed to net assets at the date of acquisition.

Goodwill is tested annually for any impairment, or more frequently if events or changes in circumstance, indicate that the goodwill might be impaired.

Any impairment is charged to the income statement.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Furniture and fittings	3 - 10 years
Plant and machinery	3 - 10 years
Renovations	10 years
Motor vehicles	5 years
Leasehold property	over the period of lease
Computers and office equipment	3 -10 years

No depreciation is provided for construction-in-progress.

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation (Cont'd)

The cost of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration costs is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisition and disposals of property, plant and equipment, depreciation is provided in the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The carrying amounts of property, plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and net selling price.

Subsidiaries

A subsidiary is defined as a Company in which the investing Company has a long-term equity interest of more than 50% or over whose financial and operating policy decisions the Group controls.

Shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes any goodwill (net of any accumulated impairment losses) identified on acquisition.

Investments in associated companies at Company level are initially recognised at cost. The cost of an acquisition is measured at the fair value of assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Allowance for impairment losses, if any, is made on an individual associate company basis.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Associated companies (Cont'd)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group's share of the net assets and post-acquisition reserves of associated companies is reflected in the book value of the investments in the consolidated balance sheet.

Club membership

Club membership is stated at cost less allowance for other than temporary diminution in value, if any. The carrying amount of club membership is reviewed at each balance sheet date to assess whether the fair value has declined below the carrying amount. When a decline other than temporary has occurred, the carrying amount of such membership should be reduced to its fair value. The amount of the reduction is recognised as an expense in the income statement.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges. Provision is made, where necessary, for obsolete, slow-moving and defective inventory in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Work-in-progress

Work-in-progress costs include mainly direct material, labour costs and subcontract costs. Revenue and costs are recognised to the stage of completion at the balance sheet date, as measured by surveys of work performed. Variation in contract work, claim and incentive payments are included to the extent they have been agreed with customer.

Provision is made in full for all losses expected to arise on completion of contracts entered into at balance sheet date whether or not work has commenced.

Investment in financial assets

(a) Classification

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, where applicable. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

(i) <u>Financial assets at fair value through profit or loss</u>

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date. As at 31 December 2007, the Group has no financial assets at fair value through profit and loss.

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in financial assets (Cont'd)

(a) Classification (Cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. As at 31 December 2007, the Group has no held-to-maturity investments.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognized in the income statement.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' investment category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the income statement.

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in financial assets (Cont'd)

(e) Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted. The amount of the allowance is recognised in the income statement.

Bad debts are written off when known and specific provisions are made for those debts considered to be doubtful.

Receivables include trade and non-trade balances with third parties and related companies.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits, net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

Financial liabilities

The Company's and the Group's financial liabilities include trade and other payables, finance lease liabilities and related Company balances. Financial liabilities are recognised when the Company and the Group becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance cost" in the income statement.

Borrowings

Interest-bearing loans are recognised initially at fair value, less attributable transaction costs, if any. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost which is the initial fair value less any principal repayments. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

Finance leases

(a) Finance leases

Leases of property, plant and equipment where the Company and the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the income statement over the leased period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Operating leases

(i) Where the Group and the Company are the lessees

Rental expenses on operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the total lease rentals. Penalty payments on early termination, if any, are recognised in the profit and loss account when incurred. There are no contingent rentals.

(ii) Where the Group and the Company are the lessors

Rental income from leasing of commercial premises is recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the total lease rentals. Penalty payments on early termination, if any, are recognised in the profit and loss account when incurred. There are no contingent rentals.

Payables

Payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and the Group.

Payables include trade and non-trade balances with third parties and related companies.

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary companies. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiary companies fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiary companies' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits

Pension obligations

The Company and the Group contribute to the Central Provident Fund ("CPF") or equivalent fund, a defined contribution plan regulated and managed by the Government of Singapore or other authorities, which applies to the majority of the employees. The Company's and the Group's contributions to CPF or equivalent are charged to the income statement in the period to which the contributions relate.

Key management personnel

Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the entity are considered key management personnel.

Income taxes

The liability method of tax effect accounting is adopted by the Company and the Group. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.)

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is defined as the higher of value in use and net selling price.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Revenue recognition

Income from installation of environment-control exhaust systems are recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to survey of work performed.

Revenue from sale of goods is recognised upon passage of title to customer which generally coincides with their delivery and acceptance.

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("the functional currency"). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is also the functional currency of the Company.

Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the income statement in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates as the date when the fair value was determined.

Assets and liabilities of the foreign subsidiaries are translated at the rates of exchange ruling at the balance sheet date. The income statement of the foreign subsidiaries are translated at the average monthly rates. Foreign currency translation adjustments arising are recorded directly in exchange fluctuation reserve.

Segment reporting

A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks, and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses including taxation that are not directly attributable to a segment or those that cannot be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group. Information for geographical segments is based on the location of customers and assets respectively.

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, fixed deposits, club membership, trade and other receivables, trade and other payables, finance leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 26.

3 REVENUE

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

	31.12.2007 $	30.9.2006 $
Distribution	**1,947,887**	1,506,544
Manufacturing	**67,383,637**	20,921,535
	69,331,524	22,428,079

4 GOODWILL

	31.12.2007 $	30.9.2006 $
The Group		
Balance at beginning	**132,472**	228,959
Goodwill on acquisition	**-**	47,179
Balance at end	**132,472**	276,138
Allowance for impairment loss	**-**	(143,666)
	132,472	132,472

The goodwill represents the excess of the cost of business over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. For purpose of impairment testing, the above goodwill is allocated to the group's operation which represents the lowest level within the group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the goodwill is based on its value in use. Value in use was determined by discounting the future cash flows generated from the continuing operation of the business acquired and was based on the following assumptions:

- Cash flows were projected based on actual operating results and the three-year business plan.
- The anticipated annual growth is at the rate of 10 % .
- A pre-tax discount of 7 % was applied in determining the recoverable amount. The discount rate reflects the current market assessments of time value of money.

The values assigned to the key assumptions represent management's assessment of future trends and are based on external and internal sources.

The above estimates are particularly sensitive in the following areas:

- Increase in percentage point in the discount rate used.
- Increase in future planned revenues would not materialised.

5 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Plant and machinery	Renovations	Motor vehicles	Leasehold property	Computers and office equipment	Total
	$	$	$	$	$	$	$
The Company							
Cost							
At 1.10.2005	23,550	3,800	118,409	311,150	599,520	126,710	1,183,139
Additions	4,079	306,534	-	-	-	10,900	321,513
Disposals	-	(306,534)	-	(218,000)	-	(1,330)	(525,864)
At 30.9.2006	27,629	3,800	118,409	93,150	599,520	136,280	978,788
Additions	37,164	299,698	172,978	-	-	42,086	551,926
Disposals	(313)	(222,657)	-	-	-	(32,736)	(255,706)
At 31.12.2007	**64,480**	**80,841**	**291,387**	**93,150**	**599,520**	**145,630**	**1,275,008**

	Furniture and fittings	Plant and machinery	Renovations	Motor vehicles	Leasehold property	Computers and office equipment	Total
	$	$	$	$	$	$	$
The Company							
Accumulated depreciation							
At 1.10.2005	16,955	3,800	23,682	149,060	29,976	89,972	313,445
Depreciation for the year	5,025	-	23,682	10,430	9,992	31,910	81,039
Impairment loss	-	-	-	-	59,552	-	59,552
Disposals	-	-	-	(87,200)	-	(1,330)	(88,530)
At 30.9.2006	21,980	3,800	47,364	72,290	99,520	120,552	365,506
Depreciation for the period	17,082	25,680	64,198	13,038	11,249	27,030	158,277
Disposals	(313)	-	-	-	-	(32,736)	(33,049)
At 31.12.2007	**38,749**	**29,480**	**111,562**	**85,328**	**110,769**	**114,846**	**490,734**
Net book value							
At 31.12.2007	**25,731**	**51,361**	**179,825**	**7,822**	**488,751**	**30,784**	**784,274**
At 30.9.2006	5,649	-	71,045	20,860	500,000	15,728	613,282

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings	Plant and machinery	Renovations	Motor vehicles	Leasehold property	Construction in progress	Computers and office equipment	Total
	$	$	$	$	$	$	$	$
The Group								
Cost								
At 1.10.2005	104,336	3,041,940	316,965	471,054	599,520	-	261,972	4,795,787
Additions	13,185	2,109,011	29,004	147,418	-	70,060	38,815	2,407,493
Disposals	(568)	-	-	(283,219)	-	-	(1,330)	(285,117)
Exchange fluctuation difference	(2,022)	(78,130)	(8,106)	(5,246)	-	-	(4,966)	(98,470)
Reclassification	(18,980)	10,204	1,232	-	-	-	7,544	-
At 30.9.2006	95,951	5,083,025	339,095	330,007	599,520	70,060	302,035	6,819,693
Additions	39,605	3,001,512	172,978	16,000	225,208	-	163,611	3,618,914
Disposals	(9,122)	(751,390)	(8,037)	-	-	-	(42,215)	(810,764)
Exchange fluctuation difference	(1,754)	(11,175)	244	(2,233)	-	(1,324)	(1,516)	(17,758)
Reclassification	-	68,736	-	-	-	(68,736)	-	-
At 31.12.2007	**124,680**	**7,390,708**	**504,280**	**343,774**	**824,728**	**-**	**421,915**	**9,610,085**
Accumulated depreciation								
At 1.10.2005	51,757	564,327	96,794	218,970	29,976	-	127,731	1,089,555
Depreciation for the year	20,108	511,332	64,884	45,806	9,992	-	67,243	719,365
Disposals	(189)	(3,327)	-	(121,637)	-	-	(1,330)	(126,483)
Exchange fluctuation difference	(784)	(23,020)	(2,958)	(2,334)	-	-	(1,133)	(30,229)
Reclassification	(7,673)	3,401	357	-	-	-	3,915	-
Impairment loss	-	-	-	-	59,552	-	-	59,552
At 30.9.2006	63,219	1,052,713	159,077	140,805	99,520	-	196,426	1,711,760
Depreciation for the period	28,043	1,023,529	79,730	69,961	41,277	-	95,979	1,338,519
Disposals	(4,223)	(211,693)	(1,715)	-	-	-	(35,831)	(253,462)
Exchange fluctuation difference	(1,017)	2,967	372	(183)	-	-	(658)	1,481
At 31.12.2007	**86,022**	**1,867,516**	**237,464**	**210,583**	**140,797**	**-**	**255,916**	**2,798,298**
Net book value								
At 31.12.2007	**38,658**	**5,523,192**	**266,816**	**133,191**	**683,931**	**-**	**165,999**	**6,811,787**
At 30.9.2006	32,732	4,030,312	180,018	189,202	500,000	70,060	105,609	5,107,933

The Company and the Group had motor vehicles and machinery under finance leases with a net book value of $7,823 (2006 - $119,691) and $2,292,286 (2006 - $1,921,341) respectively.

The leasehold property is pledged for bank loan facilities granted to the Company (Note 17).

6 CLUB MEMBERSHIP

	31.12.2007 $	30.9.2006 $
The Company and The Group		
Club membership, at cost	-	89,698
Allowance for impairment loss	-	(37,198)
	-	52,500

The club membership was registered in the name of a former employee cum shareholder and was held in trust for the Company and the Group. The club membership was sold to him during the period.

7 SUBSIDIARIES

	31.12.2007 $	30.9.2006 $
The Company		
Unquoted equity investments, at cost	**10,121,654**	5,210,407
Allowance for impairment loss	**(718,000)**	(10,000)
	9,403,654	5,200,407

The subsidiaries as at 31 December 2007 are:

Name of subsidiary	Country of incorporation/ Place of business	Cost of investment		Percentage of equity held		Principal activities
		31.12.2007 $	30.9.2006 $	31.12.2007	30.9.2006	
Linair Technologies (M) Sdn. Bhd. [1]	Malaysia	**268,563**	268,563	**100%**	100%	Manufacture of air related ducts and accessories
Linair Engineering Pte. Ltd.[3]	Singapore	**130,880**	130,880	**100%**	100%	Construction of clean rooms and laboratory and installation of environment-control exhaust systems
Linair Bio-Science Pte. Ltd.[3]	Singapore	**500,000**	500,000	**100%**	100%	Mechanical engineering works including design, installation, testing and commission and maintenance of airflow control systems, provide laboratory equipping, decontamination, indoor air quality evaluation and certification

7 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Place of business	Cost of investment		Percentage of equity held		Principal activities
		31.12.2007 $	30.9.2006 $	**31.12.2007**	30.9.2006	
Linair Technologies (Suzhou) Co., Ltd.(2)	People's Republic of China	**8,253,461**	3,342,214	**100%**	100%	Manufacture of air related ducts and accessories
Linair Bio-Energy Pte Ltd.(3)	Singapore	**10,000**	10,000	**100%**	100%	Construction of bio-fuel production equipment, production of bio-fuel feedstock and bio-diesel
Shanghai XianDa Industrial Equipment Co., Ltd (2)	People's Republic of China	**750,750**	750,750	**70%**	70%	Provision of connections for chemical and waste water management system, manufacturer for NIKKISO chemical dosing and sampling equipment
Linair Technologies (Taiwan) Co., Ltd (4)	Republic of China (Taiwan)	**208,000**	208,000	**100%**	100%	Mechanical engineering works including design, installation, testing and commission and maintenance of airflow control systems, provide laboratory equipping, decontamination, indoor air quality evaluation and certification
		10,121,654	5,210,407			

(1) Audited by Shamsir Jasani Grant Thornton, member firm of Grant Thornton International
(2) Audited by Shanghai Pan Chen & Zhang, Associated Certified Public Accountants
(3) Audited by Foo Kon Tan Grant Thornton
(4) Audited by Grant Thornton Taiwan, member firm of Grant Thornton International

8 ASSOCIATED COMPANIES

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Costs of investment	**692,233**	-	**692,233**	-
Impairment loss	**(120,363)**	-	**-**	-
Share of associated companies' loss	**-**	-	**(120,363)**	-
	571,870	-	**571,870**	-

The associated companies as at 31 December 2007 are as follows

Name of associated company	Place of business/ Country of incorporation	Percentage of equity held		Principal activities
		2007	2006	
Linair-Yingta Technologies (Beijing) Co., Ltd [1]	People's Republic of China	**40%**	-	Manufacturing of airducts and related products
Metal Technologies LLC [1]	Dubai	**24%**	-	Manufacturing of galvanized steel ventilation ductwork and accessories

(1) Newly incorporated, not required for audit until next year

Summary of financial information of associated company is as follows:

	2007	2006
	$	**$**
Total assets	**2,972,959**	-
Total liabilities	**2,409,101**	-
Revenue	**396,877**	-
Loss after taxation for the period	**(830,637)**	-

9 INVENTORIES, AT COST

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Work-in-progress	**-**	-	**179,519**	126,922
Raw materials	**-**	-	**2,294,031**	1,170,331
Goods-in-transit	**-**	-	**112,904**	-
Finished goods	**110,387**	69,466	**845,757**	581,960
	110,387	69,466	**3,432,211**	1,879,213

10 AMOUNTS DUE FROM CONTRACT CUSTOMERS

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Costs incurred	**5,540,004**	2,412,811	**13,401,273**	6,787,483
Attributable profit	**1,450,917**	1,473,116	**1,811,906**	1,699,050
	6,990,921	3,885,927	**15,213,179**	8,486,533
Progress billings	**(6,203,175)**	(3,618,676)	**(11,692,041)**	(7,485,674)
Due from customers	**787,746**	267,251	**3,521,138**	1,000,859

11 TRADE AND OTHER RECEIVABLES

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Trade receivables				
- Others	**10,804,411**	5,660,438	**16,031,371**	8,097,515
- Subsidiaries	**750,585**	441,711	**-**	-
	11,554,996	6,102,149	**16,031,371**	8,097,515
Allowance for doubtful debts	**(29,690)**	-	**(147,186)**	-
	11,525,306	6,102,149	**15,884,185**	8,097,515
Deposits	**116,464**	386,117	**354,849**	534,062
Interest receivable	**84,857**	18,182	**86,438**	19,274
Prepayments	**11,193**	41,945	**231,089**	120,790
Amount owing by subsidiaries - non-trade	**3,510,433**	2,333,634	**-**	-
Retention sum	**2,848,227**	-	**2,848,227**	-
Advances to suppliers	-	-	**607,065**	-
Others	**968,392**	13,143	**1,507,549**	432,111
	19,064,872	8,895,170	**21,519,402**	9,203,752

Trade receivables are normally due within 30 to 90 days.

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Singapore dollars	**12,524,229**	8,058,636	**8,944,675**	5,616,137
United States dollars	**5,235,455**	370,724	**5,253,042**	370,724
Taiwan dollars	**-**	-	**343,478**	285,013
Malaysia Ringgit	**1,305,188**	-	**1,358,714**	2,170,836
Renminbi	**-**	465,810	**5,619,493**	761,042
	19,064,872	8,895,170	**21,519,402**	9,203,752

The amount owing by subsidiaries, non-trade in nature, is unsecured, interest-free and repayable on demand.

12(a) FIXED DEPOSITS PLEDGED

The Company

The fixed deposits earn interest at the rate of 3.01% (2006 - 2.95%) per annum and have been pledged with a bank for banking facilities granted to the Company (Note 17).

The Company and The Group

Fixed deposits of $15,217 (2006 - $15,048) registered in the name of a subsidiary's director is pledged to secure bankers' guarantee issued in favour of certain government agencies.

The effective interest rate during the period/year ranged from 1.00% - 3.01% (2006 - 1.00% - 4.00%).

12(b) FIXED DEPOSITS

The fixed deposits had an average of weekly maturity from the end of the financial period/year with weighted average effective interest rates of 2.56% (2006 - 2.14%) per annum for the financial period/year ended 31 December 2007.

13 SHARE CAPITAL

	No. of shares		
	Authorised share capital	Issued share capital	Share capital $
Balance at 1 October 2005	400,000,000	86,386,800	4,319,340
Effect of Companies' (Amendment) Act 2006	(400,000,000)	-	2,791,904
Balance at 30 September 2006	-	86,386,800	7,111,244
Issue of shares by way of rights issues	-	28,795,600	3,743,428
Share issue expenses written off to right issue expense account	-	-	(188,554)
Conversion of warrants to ordinary shares	-	805,000	136,850
Balance as at 31 December 2007	-	115,987,400	10,802,968

(a) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meeting. All shares rank equally with regard to the company's residual assets.

(b) On 19 July 2007, the company allotted 14,397,767 warrants at an issue price of $0.13 for each warrant. Each warrant entitles the warrant holder to subscribe for one (1) new ordinary share. The warrants have an exercise period of 3 years from 19 January 2007 to 18 January 2010. During the financial period, 805,000 ordinary shares were issued for the conversion of warrants and the outstanding number of warrants is 13,592,767 as at 31 December 2007.

14 OBLIGATIONS UNDER FINANCE LEASE

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Minimum lease payments payable:				
Due not later than one year	**924,758**	516,666	**937,538**	529,447
Due later than one year and not later than five years	**1,096,824**	620,435	**1,118,533**	658,119
Due later than five years	**-**	-	**-**	-
	2,021,582	1,137,101	**2,056,071**	1,187,566
Finance charges allocated to future periods	**(187,403)**	(104,918)	**(193,271)**	(113,493)
Present value of minimum lease payments	**1,834,179**	1,032,183	**1,862,800**	1,074,073

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Present value of minimum lease payments:				
Due not later than one year	**1,023,751**	468,562	**1,034,364**	479,177
Due later than one year and not later than five years	**810,428**	563,621	**828,436**	594,896
Due later than five years	**-**	-	**-**	-
	1,834,179	1,032,183	**1,862,800**	1,074,073

The effective interest rates for the Company and the Group are 3.70% (2006 – 6.72%) and 3.75% (2006 – 6.63%) respectively.

The amount payable after one year is shown under non-current liabilities whilst the amount payable within one year is shown under current liabilities.

15 DEFERRED TAX LIABILITIES

	31.12.2007	30.9.2006
	$	$
The Group		
Balance at beginning	**171,546**	186,015
Transfer from/(to) income statement (Note 20)	**70,870**	(6,832)
Exchange difference on translation	**1,801**	(7,637)
Balance at end	**244,217**	171,546
The balance comprises tax on:		
Excess of net book value over tax written down value of property, plant and equipment	**244,217**	171,546

16 TRADE AND OTHER PAYABLES

	The Company		The Group	
	31.12.2007 $	30.9.2006 $	**31.12.2007 $**	30.9.2006 $
Trade payables	**1,111,437**	1,813,462	**5,681,662**	3,732,495
Amount owing to subsidiaries	**2,554,270**	444,294	**-**	-
Accruals	**6,043,896**	1,034,768	**6,835,358**	1,581,224
Provision for warranty	**859,456**	1,059,375	**859,456**	1,059,375
Other payables	**61,577**	200,506	**61,577**	200,506
	10,630,636	4,552,405	**13,438,053**	6,573,600
Other payable repayable after one year	**-**	(51,072)	**-**	(51,072)
	10,630,636	4,501,333	**13,438,053**	6,522,528

Trade payables are normally on 30 to 60 days credit terms.

	31.12.2007 $	30.9.2006 $
The Company and The Group		
Balance at beginning	**1,059,375**	480,290
(Provision for warranty no longer required)/provision for warranty	**(199,919)**	579,085
Balance at end	**859,456**	1,059,375

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	31.12.2007 $	30.9.2006 $	**31.12.2007 $**	30.9.2006 $
Singapore dollars	**9,870,458**	4,048,937	**10,203,087**	3,885,472
United States dollars	**223,148**	141,578	**391,249**	149,462
Taiwan dollars	**532,342**	285,804	**610,729**	403,825
Malaysia Ringgit	**3,215**	-	**527,827**	1,720,381
Renminbi	**-**	15,584	**1,703,688**	353,958
Others	**1,473**	9,430	**1,473**	9,430
	10,630,636	4,501,333	**13,438,053**	6,522,528

The amount repayable after one year is shown under non-current liabilities whilst the amount payable within one year is shown under current liabilities.

17 BANK BORROWINGS

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Trust receipts	**643,158**	277,898	**643,158**	450,603
Short term bank loan I	**2,030,000**	-	**2,030,000**	-
Short term bank loan II	**-**	-	**1,259,595**	200,602
Short term bank loan III	**-**	-	**787,247**	-
Bank loan	**-**	408,409	**-**	408,409
	2,673,158	686,307	**4,720,000**	1,059,614
Bank loan repayable after one year	**-**	(370,444)	**-**	(370,444)
	2,673,158	315,863	**4,720,000**	689,170

Trust receipts are secured by fixed deposits pledged to the bank [Note 12 (a)]. In 2006, the trust receipts are secured by fixed deposits pledged to the bank [Note 12 (a)] and by personal guarantee of a director. The trust receipts have an effective interest rate of 5.56% (2006 - 6.06%) per annum.

Short term bank loan I is secured by a first legal mortgage over the Company's leasehold building (Note 5) and fixed deposits pledged to the bank [Note 12 (a)] and the effective interest is at the rate of 2.00% per annum over Singapore Inter Bank Offer Rate (SIBOR). The loan is repayable within 12 months.

Short term bank loan II is secured by fixed deposits of $636,985 (2006 - $320,963) and corporate guarantee given by the Company. The loan is repayable on 25 March 2008 and the effective interest is at the rate of 7.45% (2006 - 6.48%) per annum.

Short-term bank loan III carries interest at a rate of 7.29% and is secured by a banker's guarantee. The loan is repayable on 20 April 2008.

The bank loan was secured by a first legal mortgage over the Company's leasehold building (Note 5), joint and several guarantees by a director of the Company and legal assignment of account receivables. The loan bore effective interest rate at 5.50% (2006 - 5.50%) per annum and was fully repaid during the financial period.

The bank loan repayable after one year is shown under non-current liabilities whilst the amount repayable within one year is shown under current liabilities.

18(a) ADMINISTRATIVE EXPENSES

Included in the administrative expenses is staff costs of $2,659,075 (2006: $1,778,263).

18(b) OTHER OPERATING EXPENSES

Included in the other operating expenses are depreciation of $576,183 (2006: $240,999) and stock obsolescence of $232,340 (2006: $Nil).

18(c) PROFIT BEFORE TAXATION

	Note	Period from 1.10.2006 to 31.12.2007 $	1.10.2005 to 30.9.2006 $
The Group			
Profit before taxation has been arrived at after charging/(crediting):			
Bad debts written off		**43,815**	27,589
Directors' fees		**104,000**	82,000
Directors' remuneration			
- Director of the Company			
- salaries and allowances		**355,479**	406,269
- CPF contributions		**26,071**	15,600
- Director of subsidiaries			
- salaries and allowances		**221,919**	257,470
- CPF contributions		**13,770**	15,656
Depreciation of property, plant and equipment	5	**1,338,519**	719,365
Exchange loss		**169,797**	134,116
Operating lease rentals		**479,713**	2,406
Staff costs:			
- staff and related costs		**3,277,705**	2,496,410
- CPF contributions		**248,355**	140,247
Interest expense - finance leases		**138,815**	81,375
- trust receipts		**11,346**	20,752
- bank loan		**84,260**	25,319
Loss on disposal of property, plant and equipment		**103,270**	30,969
Allowance for impairment in value in club membership		**-**	3,167
Impairment of goodwill		**-**	143,666
Impairment of property, plant and equipment		**-**	59,552
Allowances for impairment loss on trade receivables		**147,186**	-
(Provision for warranty no longer required)/provision for warranty		**(199,919)**	579,085
Interest income		**(68,518)**	(39,942)

19 KEY MANAGEMENT PERSONNEL COMPENSATION

	Period from 1.10.2006 to 31.12.2007 $	1.10.2005 to 30.9.2006 $
The Group		
Short-term benefits	**919,705**	1,163,347

20 TAXATION

	Period from 1.10.2006 to 31.12.2007 $	1.10.2005 to 30.9.2006 $
The Group		
Current taxation	**952,671**	525,073
Deferred taxation (Note 15)	**70,870**	(6,832)
	1,023,541	518,241
Under/(over) provision of current taxation in respect of prior years	**54,670**	(4,260)
	1,078,211	513,981

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's profits as a result of the following:

	Period from 1.10.2006 to 31.12.2007 $	1.10.2005 to 30.9.2006 $
Profit before taxation	**5,242,301**	1,640,823
Tax at statutory income tax rate of 18% (2006: 20%)	**943,614**	328,165
Tax effect on non-deductible expenses	**178,780**	85,344
Tax effect on non-taxable income	**(19,975)**	(143,348)
Statutory stepped income exemption	**(130,991)**	(21,000)
Difference in foreign tax rates	**224,593**	83,009
Deferred tax benefit not recognised in prior year now recognised	**(280,998)**	(205,103)
Utilisation of reinvestment allowances	**(15,265)**	-
Deferred tax benefit not recognised	**123,783**	391,174
Under/ (over) provision of current taxation	**54,670**	(4,260)
	1,078,211	513,981

The Group

Subject to agreement with the relevant tax authorities, the Group has unabsorbed tax losses of $943,700 (2006 - $686,883) available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $ 169,866 (2006 - $123,639) have not been recognised in the financial statements.

21 EARNINGS PER SHARE

The Group

The calculation of earnings per share for the financial period from 1 October 2006 to 31 December 2007 is based on the Group's profit after taxation and minority interests of $4,009,064 (2006 - $1,137,935) on the weighted average number of shares in issue of 111,185,839 ordinary shares (2006 – 98,480,592) during the financial period.

Diluted earnings per share of $3.48 for the period ended 31 December 2007 was calculated on the Group profit after taxation and minority interest of $4,009,064 (2006 - $1,137,935) divided by 115,249,656 (2006 – 98,480,592). For the purpose of calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted to take into account, the dilutive effect arising from the dilutive warrants with the potential shares weighted for the period outstanding.

22 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company with the related parties at agreed rates:

	Period from 1.10.2006 to 31.12.2007 $	1.10.2005 to 30.9.2006 $
Purchases - subsidiaries	**11,478,193**	7,698,115
Sales - subsidiaries	**6,771,188**	2,782,388
Sales of equipment to a subsidiary	**231,943**	306,534

23 OPERATING LEASE COMMITMENTS (NON-CANCELLABLE)

At the balance sheet date, the Company and the Group were committed to making the following lease rental payments under non-cancellable operating leases for office equipment and office premises:

	The Company		The Group	
	31.12.2007 $	30.9.2006 $	**31.12.2007 $**	30.9.2006 $
Not later than one year	**178,128**	2,376	**434,629**	20,399
Later than one year and not later than five years	**250,595**	9,632	**550,381**	9,632
Later than five years	**-**	-	**-**	-

The leases on the Company's premises on which rentals are payable will expire earliest on 25 March 2010, and the current rent payable is $14,138 per month.

The leases on the Company's office equipment on which rentals are payable will expire earliest on 31 July 2010 and 30 Nov 2012, and the current rent payable is $198 and $508 per month.

The leases on the subsidiaries' premises on which rentals are payable will expire on 30 Nov 2009 and 14 July 2010. The current rent payable is S$8,913 and $10,345 per month.

24 CAPITAL COMMITMENT

	The Company		The Group	
	31.12.2007	30.9.2006	**31.12.2007**	30.9.2006
	$	$	**$**	$
Capital expenditure not provided for in the financial statements in respect:				
- Purchase of plant and equipment	**194,000**	845,550	**194,000**	973,178

25 CONTINGENT LIABILITIES

The Company

The Company has given letters of financial support in proportion to its shareholdings for certain subsidiary companies to continue to operate as going concern and to meet their respective obligations as and when they fall due.

The Company and The Group

The Company in the normal course of business, issued letters of indemnities to various customers for warranty on the exhaust systems installed.

26 FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, foreign currency risk, liquidity risk and other market risks arising in the normal course of business. The management continually monitors the Group's risk management process to ensure the appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

26.1 Credit risk

Credit risk is the risk of a financial loss on outstanding financial instruments should a counter-party default on its obligation.

Credit risk is the risk of a financial loss that may arise on outstanding financial instruments should a counter-party default on its obligation.

For trade and other receivables, the Group's policy is to deal with creditworthy counterparties and/or obtaining sufficient rental deposits or bankers' guarantees, where appropriate, to mitigate credit risk. In addition, these receivables are monitored closely on an ongoing basis. The Group is not exposed to any significant concentration of credit risk.

Cash and fixed deposits are placed with financial institutions which are regulated and reputable.

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the balance sheet.

26 FINANCIAL RISK MANAGEMENT (CONT'D)

26.2 Foreign exchange risk

The Company's and Group's operational activities are carried out mainly in Singapore Dollars. As a result, the exposure to movements in foreign currencies exchange rates is minimal except for the foreign exchange movement on its net investment in its subsidiaries in Malaysia, China and Taiwan.

26.3 Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's policy is to minimize interest rate risk exposures while obtaining sufficient funds for business expansion and working capital needs. To achieve this, the Group regularly assesses and monitors its cash with reference to its business plans and day-to-day operations.

The Group's exposure to interest rate risk arises primarily from its interest-bearing deposits and borrowings from financial institutions.

The Group manages its interest cost by using a mix of fixed and variable rate borrowings, and medium term notes.

26.4 Market risk

The Company and Group do not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group monitors its liquidity needs by closely monitoring scheduled debt servicing payments for financial liabilities and its cash outflows due to day-to-day operations, as well as ensuring the availability of funding through an adequate amount of credit facilities, both committed and uncommitted.

27 STATEMENT OF OPERATIONS BY SEGMENTS

Segment information is provided as follows:

Distribution

Distribution relates to revenue generated from the distribution of the Metu-System, a ducting joint system for the installation and fitting of exhaust systems in Singapore and Malaysia; Phoenix Controls System, a critical airflow control system in Singapore, Malaysia and Taiwan; ClorDiSys Chlorine Dioxide Decontamination Systems and Individual Ventilated Caging Systems to laboratories, animal facilities and research centres.

Manufacturing

Manufacturing relates to revenue generated from the manufacture, supply, installation and maintenance of stainless steel ducts, ETFE-coated ducts which will be integrated with third-party equipment such as fume-hoods, scrubbers and fans for a complete environment-control system.

27 STATEMENT OF OPERATIONS BY SEGMENTS (CONT'D)

27.1 (a) Business segments

Financial period from 1 October 2006 to 31 December 2007

	Distribution	Manufacturing	Total
	$	$	$
REVENUE			
External sales	1,947,887	67,383,637	69,331,524
RESULTS			
Segment results	(1,371,859)	6,968,944	5,597,085
Finance costs	(6,928)	(210,573)	(217,501)
Unallocated finance costs	-	-	(16,920)
Share of associated companies' results	-	-	(120,363)
Taxation	-	-	(1,078,211)
Minority interest	-	(155,026)	(155,026)
Net profit attributable to shareholders			4,009,064

Financial period from 1 October 2006 to 31 December 2007

	Distribution	Manufacturing	Total
	$	$	$
ASSETS			
Segment assets	3,525,753	35,440,435	38,966,188
Unallocated corporate assets			1,849,229
Total assets			40,815,417
LIABILITIES			
Segment liabilities	1,704,685	17,721,667	19,426,352
Unallocated corporate liabilities			1,993,046
Total liabilities			21,419,398
OTHER INFORMATION			
Capital expenditure	640,773	2,978,141	3,618,914
Depreciation	260,286	1,078,233	1,338,519
Loss on disposal of property, plant and equipment	-	103,270	103,270
Allowance for doubtful debts and bad debts	-	191,001	191,001

27 STATEMENT OF OPERATIONS BY SEGMENTS (CONT'D)

27.1 (a) Business segments (cont'd)

Financial year ended 30 September 2006

	Distribution	Manufacturing	Total
	$	$	$
REVENUE			
External sales	1,506,544	20,921,535	22,428,079
RESULTS			
Segment results	(596,006)	2,364,275	1,768,269
Finance costs	(4,663)	(98,387)	(103,050)
Unallocated finance costs	-	-	(24,396)
Taxation	-	-	(513,981)
Minority interest	-	11,093	11,093
Net profit attributable to shareholders			1,137,935
ASSETS			
Segment assets	949,681	17,597,094	18,546,775
Unallocated corporate assets			2,781,910
Total assets			21,328,685
LIABILITIES			
Segment liabilities	402,635	7,159,591	7,562,226
Unallocated corporate liabilities			1,946,121
Total liabilities			9,508,347

Financial year ended 30 September 2006

	Distribution	Manufacturing	Total
	$	$	$
OTHER INFORMATION			
Capital expenditure	85,273	2,322,220	2,407,493
Depreciation	15,922	703,443	719,365
Loss on disposal of property, plant and equipment	-	30,969	30,969
Impairment of leasehold property	-	59,552	59,552
Allowance for doubtful debts and bad debts	18,735	(32,267)	(13,532)
Allowance for diminution in value in club membership	-	3,167	3,167
Impairment of goodwill	-	143,666	143,666

27 STATEMENT OF OPERATIONS BY SEGMENTS (CONT'D)

(b) Geographical segments

	2007 $	2006 $
Revenue		
Singapore	**14,334,233**	12,054,872
Malaysia	**9,045,658**	4,784,933
People's Republic of China	**45,253,341**	5,036,149
Republic of China (Taiwan)	**698,292**	492,872
Others	**-**	59,253
	69,331,524	22,428,079

The following table shows the assets by geographical area as at 31 December 2007:

	2007 $	2006 $
Total Assets		
Singapore	**22,560,441**	11,256,249
Malaysia	**4,475,631**	3,406,209
People's Republic of China	**13,208,504**	6,245,223
Republic of China (Taiwan)	**570,841**	421,004
	40,815,417	21,328,685

28 DIVIDENDS

The directors have recommended payment of a first and final dividend of 1 (2006 - 0.25) cents per ordinary share (one-tier), amounting to $1,159,874 (2006 - $215,967) in respect of the financial period from 1 October 2006 to 31 December 2007.

29 FINANCIAL INSTRUMENTS

Fair value

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at the balance sheet date for financial assets with a maturity of more than one year to be significantly different from the values that would eventually be received.

30 CHANGE OF FINANCIAL YEAR END

The Group has changed its financial year end from 30 September to 31 December to coincide with that of the subsidiaries in China. The current financial year covers the fifteen months period ended 31 December 2007 while the comparative figures cover the period from 1 October 2005 to 30 September 2006. For the above reason, the financial statements for the current year are not comparable to the previous financial period.

shareholdings STATISTICS
As At 19 March 2008

Total no. of shares	:	115,987,400
Class of shares	:	Ordinary shares
Voting rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	35	6.72	2,717	0.00
1,000 - 10,000	208	39.92	1,092,666	0.94
10,001 - 1,000,000	258	49.52	18,224,597	15.71
1,000,001 and above	20	3.84	96,667,420	83.35
Total:	521	100.00	115,987,400	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2008
(As shown in the Company's Register of Substantial Shareholders)

Name of substantial shareholders	Shareholdings registered in the name of the substantial shareholders	Shareholdings held by the substantial shareholders in the name of nominees	Shareholdings in which the substantial shareholders are deemed to be interested	Total	Percentage of issued shares
Jemme Ong Peng Kwang	40,000	-	9,656,240 *	9,696,240	8.36%
Ho Ta-Huang	-	-	14,761,000 ***	14,761,000	12.72%
Tome Oh Boon Hua	-	-	29,752,774 **	29,752,774	25.65%
Linair Holdings Pte Ltd	21,752,774	8,000,000	-	29,752,774	25.65%
Chern Dar Enterprise Co. Ltd	-	14,761,000	-	14,761,000	12.73%
Misa Capitals Pte Ltd	2,414,060	7,242,180	-	9,656,240	8.33%
Ho-Xu Choon Mi	-	-	14,761,000 ***	14,761,000	12.72%
Low Jiew Jeong	-	-	9,696,240 *	9,696,240	8.36%

* Mr Ong Peng Kwang, Jemme is the spouse of Madam Low Jiew Jeong. Mdm Low is deemed interested in the shareholdings of her spouse and both are deemed interested in the shareholdings of Misa Capitals Pte Ltd.

** Mr Tome Oh Boon Hua is deemed interested in the shareholdings in Linair Holdings Pte Ltd.

*** Mr Ho Ta-Huang is the spouse of Madam Ho-Xu Choon Mi. Both are deemed interested in the shareholdings of Chern Dar Enterprise Co. Ltd.

shareholdings STATISTICS

As At 19 March 2008

LIST OF TOP TWENTY SHAREHOLDERS AS AT 19 MARCH 2008

No.	Name	No. of Shares	%
1	LINAIR HOLDINGS PTE LTD	21,752,774	18.75
2	WESTCOMB SECURITIES PTE LTD	15,630,000	13.48
3	HONG LEONG FINANCE NOMINEES PL	8,777,180	7.57
4	MAYBAN NOMINEES (S) PTE LTD	8,051,000	6.94
5	DBS NOMINEES PTE LTD	5,374,000	4.63
6	SENG SOON HIANG	5,314,247	4.58
7	RAFFLES NOMINEES PTE LTD	5,188,000	4.47
8	CITIBANK NOMS S'PORE PTE LTD	4,742,000	4.09
9	YUEN CHEE KIN	3,038,826	2.62
10	HUANG LING JUNG	2,428,000	2.09
11	MISA CAPITALS PTE LTD	2,414,060	2.08
12	ASDEW ACQUISITIONS PTE LTD	2,148,000	1.85
13	ROYAL BANK OF CANADA (ASIA) LT	2,051,000	1.77
14	DAIWA SECURITIES SMBC SPORE	2,000,000	1.72
15	LAW CHWEE KIAT	1,492,000	1.29
16	TAN CHOW KHONG	1,334,000	1.15
17	HSBC (SINGAPORE) NOMS PTE LTD	1,280,333	1.10
18	OCBC SECURITIES PRIVATE LTD	1,261,000	1.09
19	UNITED OVERSEAS BANK NOMINEES	1,255,000	1.08
20	LEE SIEW KHIM	1,136,000	0.98
	Total:	96,667,420	83.33

PUBLIC FLOAT

As at 19 March 2008, the percentage of shareholdings held in the hands of the public was 51.4%. Hence, Rule 723 of the Listing Manual is complied with.

warrant
STATISTICS
As At 19 March 2008

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrants holdings	No. of Warrants holders	%	No. of Warrants	%
1 - 999	56	24.45	29,465	0.22
1,000 - 10,000	116	50.66	400,059	2.94
10,001 - 1,000,000	54	23.58	5,957,084	43.83
1,000,001 and above	3	1.31	7,206,159	53.01
Total:	229	100.00	13,592,767	100.00

LIST OF 20 LARGEST REGISTERED WARRANT HOLDERS

No.	Name	No. of Shares	%
1	LINAIR HOLDINGS PTE LTD	4,153,759	30.56
2	WESTCOMB SECURITIES PTE LTD	1,845,370	13.58
3	MISA CAPITALS PTE LTD	1,207,030	8.88
4	NG CHOR HUA	653,000	4.80
5	SENG SOON HIANG	507,603	3.73
6	LOH YIH	434,000	3.19
7	CITIBANK NOMS S'PORE PTE LTD	300,000	2.21
8	YUEN CHEE KIN	298,241	2.19
9	PHILLIP SECURITIES PTE LTD	254,032	1.87
10	RAMESH S/O PRITAMDAS CHANDIRAMANI	252,000	1.85
11	CHENG WA SING	241,000	1.77
12	CHUA HWEE CHENG (CAI HUIQING)	205,946	1.52
13	LAW CHWEE KIAT	186,500	1.37
14	KOH CHEOH LIANG VINCENT	185,000	1.36
15	HENG HWA HENG	177,000	1.30
16	SINGAPORE NOMINEES PTE LTD	166,500	1.22
17	HSBC (SINGAPORE) NOMS PTE LTD	116,666	0.86
18	ONG TECK HUNG	113,500	0.84
19	UOB KAY HIAN PTE LTD	102,782	0.76
20	ANG TEE LOON	100,000	0.74
	Total:	11,499,929	84.60

notice of annual general
MEETING

LINAIR TECHNOLOGIES LIMTIED
Registration No. 199505699D
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Orchid Country Club, 1 Orchid Club Road, Ruby Suite, Singapore 769162 on Monday, 28 April 2008 at 3.00 p.m., to transact the following business: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the period ended 31 December 2007 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a first and final tax-exempt dividend (1-tier) of 1 cent per share in respect of the financial period ended 31 December 2007 (2006: 0.25 cents per share). **(Resolution 2)**

3. To re-elect Mr Wong Kok Chye who is retiring under Article 89 of the Articles of Association. **(Resolution 3)**

4. To re-elect Mr Ho Ta-Huang who is retiring under Article 89 of the Articles of Association. **(Resolution 4)**

   Mr Ho Ta-Huang will upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain a member of the Remuneration Committee.

5. To approve payment of Directors' Fees of $104,000 for 2007 (2006: $82,000.00). **(Resolution 5)**

6. <u>Change of Auditors</u>

   That PKF-CAP LLP be and are hereby appointed as auditors of the Company in place of Foo Kon Tan Grant Thornton, to hold office until the conclusion of the next Annual General Meeting at a fee to be agreed between the Directors and PKF-CAP LLP. **(Resolution 6)**
   [See Explanatory Note 1]

7. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following Ordinary Resolution with or without amendment:

   (a) "that, pursuant to Section 161 of the Companies Act (Cap. 50), and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

      (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) notwithstanding the authority conferred by the shareholders may have ceased to be in force, issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that subject to any applicable regulations as may be prescribed by the SGX-ST.

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note 2] **(Resolution 7)**

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting, a first and final tax-exempt dividend (1-tier) of 1 cent per share, in respect of the period ended 31 December 2007 will be paid on 30 May 2008 to shareholders whose names appear in the Register of Members on 15 May 2008 at 5.00 p.m. Accordingly, the Transfer Books and the Register of Members of the Company will be closed on 15 May 2008 after 5.00 p.m. to 16 May 2008, for the purpose of determining shareholders' entitlements to the proposed first and final dividend.

Registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte.Ltd. at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721, up to 5.00 p.m., on 15 May 2008 will be registered before entitlements to the dividend are determined.

By Order of the Board

Wong Siew Hong
Secretary

Singapore, 11 April 2008

LINAIR TECHNOLOGIES LIMTIED
Registration No. 199505699D
(Incorporated in the Republic of Singapore)

Explanatory Note 1: -

CHANGE OF AUDITORS

The Audit Committee ("AC") had reviewed the Company's due process of audit engagement as part of its corporate governance process, and decided that as and when appropriate, there would be a rotation of auditors. The Company's existing auditors, Foo Kon Tan Grant Thornton have been the Company's auditors for five years. The AC has also taken into consideration the Company's constant efforts to be cost efficient.

In addition, Foo Kon Tan Grant Thornton had also expressed their intention to resign as Auditors and PKF-CAP LLP have given their consent to act as auditors, subject to the approval of Shareholders at the AGM.

The AC had reviewed proposals from various audit firms. The AC have found the proposal submitted by PKF-CAP LLP to be reasonable and having considered various factors, including, inter alia, the partners-in-charge, the adequacy of the resources of PKF-CAP LLP, their experience and audit engagements, the number and expertise of the supervisory and professional staff who will be assigned to the audit of the consolidated accounts and requirements of the Company, and are of the opinion that PKF-CAP LLP will be able to meet the audit requirements of the Company. The proposed change of auditors has been deliberated upon and recommended by the Audit Committee to the Board for approval.

The Board of Directors have reviewed the proposal submitted by PKF-CAP LLP and taking into consideration the Audit Committee's review and recommendation, are of the opinion that PKF-CAP LLP will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been compiled with.

Foo Kon Tan Grant Thornton had also confirmed that they are not aware of any professional reasons why the PKF-CAP LLP should not accept appointment as Auditors of the Company.

The Directors have confirmed that there are no disagreements with Foo Kon Tan Grant Thornton on the accounting treatments within the last 15 months.

The Directors have confirmed that there are no circumstances connected with the proposed change of auditors that need to be brought to the attention of shareholders of the Company.

Therefore, as Rule 1203 (5) of the Listing Manual has been compiled with, the Directors propose to seek the Shareholders' approval for the proposed change of Auditors from Foo Kon Tan Grant Thornton to PKF-CAP LLP.

Background of PKF-CAP LLP

PKF-CAP LLP is an established accounting firm which is part of the international professional services network, PKF International, a global network specializing in the provision of professional audit, tax, advisory and outsourcing solutions to a diverse and international clientele including public listed, government agencies and Multi National Companies ("MNC"). PKF-CAP LLP is currently the statutory auditors to 4 listed companies in Singapore and 1 listed company in Australia. It has a team of five partners and about 55 professionals servicing a wide range of auditing, accounting, taxation and consulting clients. The partners to be in charge of the Group's auditing are as follows:

Professional assigned to the audit in Singapore

Engagement partner – Lee Eng Kian
Concurring partner – Sajjad Akhtar
Audit manager – Tan Ah Long

Both Mr Lee Eng Kian and Mr Sajjad Akhtar have experience in auditing Singapore companies listed on the SGX-ST. Mr Lee Eng Kian is partner in charge of audit of 2 listed companies and Mr Sajjad Akhtar was formerly a senior partner in one of the renowned international accounting firms in charge of the audit of listed entities in Singapore. Mr Tan Ah Long is involved in the audit of one Singapore listed entity and one Australian listed entity. PKF International has a network of over 400 offices in 119 countries throughout the world, and is still expanding. The partners and staff within the PKF International group are committed to quality service and competitiveness of its clients and thereby guaranteeing knowledge of local laws and customs.

PKF's clientele is diversified, ranging from public listed companies, Small and Medium Enterprise Companies ("SME"), MNCs and statutory bodies in industries such as manufacturing, trading and distribution, financial markets, telecommunication, healthcare, shipping, waste management, leisure, education, etc.

Therefore, the appointment of PKF-CAP LLP as Auditors for the financial year ending 31 December 2008 will become effective upon obtaining the approval of shareholders at this Annual General Meeting of the Company.

Explanatory Note 2: -

The Ordinary Resolution in item 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(2) of the Listing Manual of Singapore Exchange Securities Trading Limited currently provides that the total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time of this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.

3. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting.

PROXY FORM

ANNUAL GENERAL MEETING

LINAIR TECHNOLOGIES LIMTIED

Registration No. 199505699D

(Incorporated in the Republic of Singapore)

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of LINAIR TECHNOLOGIES LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or [delete as appropriate]

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 3.00 p.m. on Monday, 28 April 2008 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1.	To receive and adopt the Audited Financial Statements for the period ended 31 December 2007 together with the reports of the Directors and the Auditors thereon.				
2.	To declare a first and final tax exempt (1-tier) dividend of 1 cent per share in respect of the financial period ended 31 December 2007.				
3.	To re-elect Mr Wong Kok Chye, a Director retiring under Article 89 of the Articles of Association.				
4.	To re-elect Mr Ho Ta-Huang, a Director retiring under Article 89 of the Articles of Association.				
5.	To approve the payment of Directors' Fees of S$104,000 for 2007.				
6.	To appoint PKF-CAP LLP in place of Foo Kon Tan Grant Thornton as Auditors of the Company.				
Special Business					
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				

* Please indicate your vote "For" or "Against" with a "√" within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of __________ 2008.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Proxy

FORM

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, this proxy form will be deemed to relate to the entire number of ordinary shares in the Company registered in your name(s).

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding or the number of shares to be represented by each proxy. If no such proportion or number is specified, the first-named proxy may be treated as representing 100 per cent of the shareholding and any second-named proxy as alternate to the first-named.

4. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the Registered Office at No. 2 Woodlands Sector 1, #01-08 Woodlands Spectrum 1, Singapore 738068, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

5. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing; or if such member is a corporation shall be given under its common seal, or signed on its behalf by an attorney duly authorised in writing or duly authorised officer of the corporation. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

7. Please indicate with a “ √ “ in the appropriate space how you wish your proxy to vote. If this proxy form is returned without any indication as to how your proxy shall vote, he will vote or abstain from voting as he thinks fit.

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or when the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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